United Nations Conference on Trade and Development

GENERAL

TD/B/SR.476
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TRADE AND DEVELOPMENT BOARD

Seventeenth Session (First Part)

SUMMARY RECORD OF THE 476TH MEETING

held at the Palais des Nations, Geneva, on
Thursday, 1 September 1977, at 5.40 p.m.

President: Mr. de ALWIS (Sri Lanka)

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Corrections to the records of the meetings of the Board at the first part of the seventeenth session will be consolidated in a single corrigendum to be issued shortly after the end of that part of the session.

OTHER PARTICULAR MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT (agenda item 6) (TD/B/AC.21/2, TD/B/AC.21/3, A/32/126) (continued)

PROGRESS IN THE IMPLEMENTATION OF:

(i) SPECIAL MEASURES IN FAVOUR OF THE LEAST DEVELOPED AMONG THE DEVELOPING COUNTRIES

(ii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF ISLAND DEVELOPING COUNTRIES

(iii) SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF LAND-LOCKED DEVELOPING COUNTRIES

1. Mr. SEVRE (France) said that the countries members of Group B were particularly interested in special measures in favour of the least developed among the developing countries. They were anxious to assist those countries to attain their development objectives as rapidly as possible, and in recent years, many Group B countries had adopted special measures in their favour. Official development assistance was increasingly taking the form of donations. Group B countries had also given increased support to the financial flows from the international finance institutions to the least developed countries. The Group B countries were convinced that more effective ways would be found in the future to enable the least advanced countries to meet the needs arising from their exceptionally difficult situation.

2. Group B regretted that it had not been possible to hold the special meeting provided for in Conference resolution 98 (IV), paragraph 35, in the spring of 1977. It was to be hoped that it could be convened in the near future. The Group B countries would participate fully and constructively.

3. It was gratifying to note that the meeting of the Ad hoc Group of Experts to study improved methods for expanding the exports of the least developed countries had been fixed for January 1978. A number of Group B countries were prepared to participate in the meeting, which was to report to the Intergovernmental Group on Least Developed Countries.

4. Mr. ROSWICK (Belgium), speaking at the invitation of the Chairman on behalf of the European Economic Community, said that the Community had always favoured special measures for the least advanced countries and specific measures for the island and land-locked developing countries. Activities in favour of those three categories had been the subject of a declaration by the Conference on International Economic Co-operation in Paris, with a follow-up at the eighth special session of the Board and the sixty-third session of the Economic and Social Council.

5. The subject had also been dealt with in a Community review of policies of development co-operation for 1971-1976, submitted to the Secretary-General of the United Nations for consideration by the General Assembly at its forthcoming session.

6. Mr. PANT (Officer-in-charge, Research Division) said that a full progress report on the implementation of special measures in favour of the least developed countries was being prepared by the secretariat and would be submitted to the Intergovernmental Group on Least Developed Countries in 1978. The UNCTAD report now before the Board for its information (TD/B/AC.21/2) reviewed the economic situation of the least developed countries and made suggestions for international policy measures in favour of them.

7. He pointed out that only a very few of the least developed countries had been able to achieve significant rates of growth over the past few years. During the period 1970-1975, the least developed countries as a group had recorded an annual growth in real per capita product of only 0.9 per cent; eight had recorded an actual decline, and only three had exceeded the modest growth target of at least 3.5 per cent for the poorest developing countries under the strategy for the second United Nations Development Decade.

8. The dependence of the least developed countries on external assistance had risen from 71 per cent of their total foreign exchange availabilities during 1965-1969 to 56 per cent in 1975. At the same time, their per capita import capacity had remained virtually unchanged at about $29 as compared with a growth from $70 to $87 over the decade for all other developing countries. It was therefore clear that greater efforts were required at the international level in order to alleviate the economic situation of the least developed countries.

9. The report prepared by the secretariat strongly emphasized the inadequacy of present flows of assistance to the least developed countries and discussed a number of policy issues and related measures, such as assistance requirements for accelerated progress, and means of improving assistance policies and procedures of both donors and recipients in the light of the special problems and needs of the least developed countries.

10. With regard to the meeting of multilateral and bilateral financial and technical assistance institutions with representatives of the least developed countries, the Secretary-General of UNCTAD had taken note of the decision of the present Board, and of the statement by its President.

11. Referring to the offer of $500,000 made by the President of the Philippines, he said that the secretariat had held preliminary consultations and correspondence with the Philippines mission and proposed to send two senior staff members to Manila to discuss with the authorities concerned and training institutions in the Philippines the possibility of using the funds to organize training courses or seminars on foreign trade policy and planning for officials from the least developed countries and to work out arrangements for cooperation between the Government of the Philippines and UNCTAD.

12. Mr. ONG (Philippines) said he hoped that the UNCTAD officials visiting Manila would bring with them specific requests from the least developed countries concerning their needs.

13. The PRESIDENT recalled that at its 472nd meeting the Board had taken a decision, proposed by Yugoslavia, requesting that all appropriate measures be taken for the implementation of resolution 98 (IV). He therefore declared the discussion of agenda item 6 (c) closed.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda item 7) (continued)

(f) REVIEW OF THE CALENDAR OF MEETINGS (TD/B/L.475 and Add.1 and 2)

14. Mr. BERTHOUD (Director, Division for Conference Affairs and External Relations) said that documents TD/B/L.475 and Add.1 listed all the changes made to the calendar approved by the Board at the first part of its sixteenth session which would seem to be required as a result of decisions or recommendations by various bodies that had met recently.

15. The financial implications (TD/B/L.475/Add.2) showed that no additional resources were required for 1977 and that it was not at present considered necessary to revise the budget estimates for the biennium 1978-1979 as far as the calendar was concerned.

16. On the other hand, the following changes should be made in the calendar: in footnote e/ on page 4 of document TD/B/L.475 Annex I, the dates of two of these meetings listed had been changed because the fifth session of the Conference on the Law of the Sea was to be reconvened in Geneva in 1978. Accordingly, the Working Party on trade expansion and regional economic integration among developing countries would meet from 10 to 18 April instead of from 28 March to 5 April. The Expert Group to study improvements in the financing of the fleet development of developing countries would meet from 24 to 28 April instead of from 17 to 21 April.

17. In the calendar for 1979 (Annex I, p. 5), UNCTAD's pre-conference meeting would be held on 3-4 May instead of 7-8 May, and its fifth session from 7 May to 1 June instead of from 9 May to 1 June. As indicated in paragraph 5 of document TD/B/L.475, the Board was expected to determine the duration of the second (ministerial) part of its ninth special session and of a further intergovernmental Group of Experts on the external Indebtedness of Developing Countries at the first part of its ninth special session.

18. If all the meetings currently scheduled for 1977 took place, UNCTAD would have held 66 sessions of different bodies, totalling 90½ weeks of meetings - as compared with 38 sessions and 50½ weeks in 1976. The calendar for 1978 contained a possible 101 weeks of meetings, which would increase to 113 weeks if conferences were required in 1978 to renegotiate the International Agreements on wheat and cocoa.

19. In conclusion, he indicated that there was hardly need to insist on the burden that such a calendar would represent, from the point of view of having documentation ready in good time, as well as generally, for both delegations and the secretariat.

20. Mr. FALASE (Nigeria) expressed the hope that the two meetings requested in resolution 98 (IV) (TD/217, paras. 35 and 36) could be held as early as possible in 1978.

21. After a short discussion between Mr. TALLEN (Nigeria) and Mr. BERTHOUD (Secretariat), the PRESIDENT said that the schedule for those meetings was subject to consultations with the Secretary-General of UNCTAD and that due account would be taken of the Nigerian representative's observations.

22. Mr. ANTONESCU (Romania) reminded the Board that the meeting of the Committee on Transfer of Technology scheduled for 26 June - 7 July 1978 (TD/B/L.475, Annex I, page 3) coincided with a regional meeting for Europe in Bucharest to prepare a Conference on science and technology.

23. Mr. BERTHOUD (Director, Division for Conference Affairs and External Relations) assured the Romanian representative that the secretariat was aware of the conflict of dates and would do everything possible to avoid it.

24. Mr. PANKIN (Union of Soviet Socialist Republics) pointed out that in a number of cases meetings had been scheduled too early, so that there had been insufficient time for adequate preparation. He hoped that the Secretary-General's consultations would lead to a reduction rather than an increase in the number of meetings.

25. The PRESIDENT suggested that the Board approve the calendar of meetings for 1977 and 1978 and the tentative schedule for 1979 as it appeared in documents TD/B/L.475 and Add.1 and 2, taking into account the additional information provided by the secretariat.

26. It was so decided.

(c) REVISION OF THE RULES OF PROCEDURE OF THE BOARD AND ITS MAIN COMMITTEES (TD/B/L.461 and L.474) (continued)

27. The PRESIDENT said that at its previous meeting the Board had disposed of one section of the item by adopting a decision (TD/B/L.461) regarding the drafting of a single set of rules of procedure for all main committees of the Board. He drew attention to document TD/B/L.474 and invited the Board to take a decision on the amendment of rules 20 and 70 of its rules of procedure.

28. After consulting the regional co-ordinators, he suggested that rule 20 should read as follows: "The President, the Vice-Presidents and the Rapporteur shall hold office until their successors are elected. None of them may hold office if the member of the Conference of which he is a representative ceases to be a member of the Board."

29. He further suggested that, as indicated in document TD/B/L.474, the Board should authorize the secretariat, in the light of any decision on the question of summary records of public plenary meetings to be taken by the General Assembly, to amend rule 70 of its rules of procedure accordingly.

30. It was so decided.

(h) RATIONALIZATION OF THE STRUCTURE OF THE PERMANENT MACHINERY OF UNCTAD (TD/B/L.483)

31. The PRESIDENT suggested that the Board adopt the draft decision on the subject (TD/B/L.483), which represented the consensus of all the Groups and China on the question of the meetings of the Working Party on the UNCTAD programme budget and the medium-term plan.

32. It was so decided.

TRADE RELATIONS AMONG COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS (Agenda item 3) (continued)

REPORT OF SESSIONAL COMMITTEE II (TD/B/(XVII)/SC.II/L.1 and TD/B/L.482)

33. Mr. OSMAN (Somalia), Chairman of Sessional Committee II, said that in examining the question of economic and trade relations among countries having different economic and social systems, and in particular relations between the socialist countries of Eastern Europe and the developing countries, Sessional Committee II had devoted particular attention to future trends. The participating UNCTAD member countries had expressed their readiness to participate in the meetings of the two intergovernmental groups of experts to be convened in the autumn of 1977.

34. Although the problems discussed by Sessional Committee II were complex and could be solved only gradually and with patience, there had been progress in several areas which gave grounds for optimism and some satisfaction. He emphasized the results achieved in bilateral consultations held during the Board's present session between developing countries and socialist countries of Eastern Europe, in accordance with Conference resolution 95 (IV). The consultations held within UNCTAD, hitherto largely a means of establishing contacts and exchanging views and experience on mutual trade and economic relations, were now becoming an effective instrument for negotiation. As far as possible, participating countries had sent experts, who were discussing ways and means of promoting bilateral trade relations and solving problems of mutual relations in broader fields such as credits, payments, legal and institutional frameworks and, in some cases, problems of specific export and import products. The substantive results were reflected in the Committee's report.

35. Mr. CHAO Kung-ta (China) said that his delegation had not participated in the work of Sessional Committee II, and wished to reserve its position on the Committee's report.

36. The PRESIDENT took note of the Chinese delegation's reservation. He proposed that the Board should formally adopt the report of Sessional Committee II as an integral part of the report of the Trade and Development Board on the first part of its seventeenth session.

37. It was so agreed.

38. The PRESIDENT said that the Board had thus concluded its consideration of agenda item 3.

The meeting rose at 6.35 p.m.

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TRADE AND DEVELOPMENT BOARD

Seventeenth Session (First Part)

SUMMARY RECORD OF THE 477th MEETING

held at the Palais des Nations, Geneva,
on Friday, 2 September 1977, at 3.10 p.m.

President: Mr. [illegible] (Sri Lanka)

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(a) Reinvigoration of the structure of the permanent machinery of UNCTAD

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(a) Documentation problems and their effect on the work programme of UNCTAD

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This record is subject to [illegible].
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INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 3) (TD/B/665 and Add.1 (Part I) and 2 (Part I), and Add.1 (Part II), UNCTAD.ua/107) (continued)

1. Mr. LALOVIĆ (Yugoslavia), speaking on behalf of the Group of 77, said that the [illegible] was not the cause only [illegible] of the frustrating experience of developing countries as a result of the [illegible] inadequate approach followed by the international community, but also to the extent of recidivism to the establishment of the New International Economic Order. A co-ordinated approach was all the more necessary in view of the disturbing prospects for the world economy, and the problems of developing countries in particular, described in the report by the UNCTAD secretariat (TD/B/665 and Add.1 (Part I) and Add.1 (Part II)). The fundamental and intrinsic nature of the issues dealt with in the report called for a more detailed study, based on supplementary information from various sources. Lastly, the procedure to be followed for the future appraisal of current [illegible] for the light of global and sufficient attention was [illegible] to the Latin American countries.

[illegible]

[illegible]

[illegible]

loans, inter alia because of the growth in its GDP. During the past three years there had been no increase in real terms in its public debt, since through fiscal reform and an improved balance-of-payments position it had been possible to meet the most urgent needs for agricultural and industrial expansion. His delegation would welcome more information on the indicators used in the report so that it could correct any possible errors in its own indicators.

6. Mr. CASTELLANOS (Venezuela) said that because of the persistent and growing balance of payments deficit in their trade with the developed countries, over the past 25 years the developing countries had been forced to resort to external resources in order to achieve a higher economic growth rate than was possible from their own export revenue. The result was that most of the developed countries were increasing their production and exports and improving their balance of payments situation.

7. It had taken the international community a long time to understand fully the interdependence of economies and the effects of policies adopted in the one group of countries on the other - in fact, it had only come when some of the peripheral countries had begun to adopt measures to defend their interests. Those measures had coincided with imbalances in world production, and the situation had been aggravated by the failure of the developed countries to provide for such situations. The countries anxious to defend their sovereignty and safeguard their non-renewable resources had been blamed for the situation; they, on the other hand, maintained that natural, non-renewable resources such as they produced must be carefully husbanded and not squandered.

8. The present agenda item was of the greatest importance because it synthesized the world's economic problems; and it should be kept under constant review by the Board.

9. He endorsed the views of the Yugoslav representative and stressed the need to identify the general problems and the particular aspects to be studied by different bodies, with due consideration and consultation so that appropriate decisions could be reached. He hoped that the United Nations General Assembly would consider the question in a broad and rational framework. It was a political and economic problem, not a mere matter of statistics, and it must now be considered in the light of the idea of the New International Economic Order, as the Secretary-General of UNCTAD had pointed out in his opening statement.

10. In spite of its brevity, the report contained food for thought for all delegations. He referred particularly to the reference to the serious problem of the proliferation of restrictions on trade in part III, section C, and to the remarks in paragraph 17 concerning the lack of attention to the import demand of developing countries. Expansion in that direction would improve the economic situation of the industrialized countries also; but that meant that the developing countries must have access to the markets of the developed countries, which in turn meant expanding the economies and the export earnings of the developing countries.

11. His delegation too had noted with concern that the report largely ignored Latin America, a continent representing a cross-section of the world and actively engaged in co-operation.

12. Speaking on behalf of both his own and other developing countries, he said that the report placed too much emphasis on the financial aspects of the item under discussion, in particular the balance-of-payments current account situation. That situation reflected the consequences, in terms of foreign exchange, of trade flows and trade policies, and in emphasizing that aspect, however important, the report lost sight of the economic and development policy which determined and in some measure was determined by the current account situation.

13. The introduction to the report contained references to forecasts published by OECD; but they did not necessarily coincide with those for the developing countries or other countries belonging to the international community. Because of the emphasis on the balance of payments and the use of OECD statistics, the analysis of the problems of interdependence was not too well balanced; it tended to place countries in groups or sub-groups, thus losing sight of the global context and perhaps suggesting inappropriate conclusions. The report also failed to mention possible co-operation among developing countries, and particularly the efforts made by the developing oil-exporting countries which had helped to improve conditions in other developing countries.

14. Bearing in mind the technical difficulties, the approach to the problems of interdependence should start out from the study of world supply and demand, so as to ascertain the flow of trade, and then go on to deal with the corresponding financial aspects, including balance of payments. In that way, it would be possible to reach global and regional conclusions for the guidance of the international community in building the New International Economic Order.

15. Mr. ARSENIS (Director, Division for Money, Finance and Development) said that the secretariat would give careful consideration to the comments and suggestions of Board members in its future work, which would be further enhanced by the contributions to be received from government experts.

16. Interdependence was not a new issue for the Board. Since 1972, the secretariat had identified a number of policy issues and had made a careful analysis of the factors that had contributed to the recent slow-down in the world economy and to the recession of the past few years. In a document submitted to the Conference at its fourth session, it had made a preliminary attempt to integrate policy considerations under the heading of interdependence with empirical work on the outlook for the world economy. That work was continued in the documentation submitted to the Board at its current session, which placed emphasis on the cyclical aspect of the world economy and its impact on the developing world.

17. In his introductory statement, he had dealt exclusively with policy issues arising from the world economic situation. He realized, however, that there were certain misunderstandings with regard to the technical work on which the documentation was based. The report on the world economic outlook was the result of the co-operative efforts of independent research institutions throughout the world. The UNCTAD secretariat had taken part in that co-operative effort, which had nothing

26. Because of those errors, his delegation wished to reserve its final position on any decisions taken or to be taken in UNCTAD concerning the least developed land-locked countries.

27. The PRESIDENT asked the representative of Afghanistan to submit his corrections in writing. He suggested that the Board adopt the draft decision contained in document TD/B/L.36/Rev.1.

28. It was so decided.

RATIONALIZATION OF THE STRUCTURE OF THE PERMANENT MACHINERY OF UNCTAD (agenda item 7(n)) (TD/B/L.403, TD/B/L.405, TD/B/L.409)

29. The PRESIDENT said that the question of the terms of reference of the Committee on Economic Co-operation among Developing Countries, which had been referred by the Board to the President's Contact Group, had been the subject of constructive consultations among the representatives of the regional groups, and a number of revisions had been agreed upon. He therefore submitted for the Board's consideration draft decision TD/B/L.409, on which all groups, including China, were in agreement.

30. The Board might also wish to consider the question of the financial implications of the work programme in the field of economic co-operation among developing countries. At the informal consultations held with representatives of groups, including China, agreement had been reached on the draft conclusion to be recommended to the Board and reading as follows:

> "The Board took note of the report of the Committee on Economic Co-operation among Developing Countries on its first session, as contained in document TD/B/C.7/AIDC.5, and endorsed the work programme contained therein. The Board also agreed with the work programme for 1978-79 in relation to economic co-operation among developing countries as revised in document TD/B/661, submitted by the Secretary-General of UNCTAD, having noted the statement of financial implications annexed to that document; it recognized the need to devote adequate resources to this area of activity so as to make it possible for this programme to be carried out in accordance with the mandate contained in resolution 1 (1) of the report of the Committee on Economic Co-operation among Developing Countries."

31. With regard to the review of the terms of reference of the Committee on Shipping, it had also been possible to reach agreement on draft decision TD/B/L.406, which would be proposed to the Board for adoption.

32. Concerning the rationalization of the structure of the permanent machinery of UNCTAD, he submitted for consideration by the Board, draft decision TD/B/L.439, which likewise appeared to have the support of all Groups, including China.

Mr. [illegible] (United States of America) said that Group B believed that ACABQ and the Fifth Committee of the General Assembly should give careful attention to the additional funds requested for the programme for economic co-operation among developing countries. Group B noted a parallelism between the justification in the supplementary proposal and that already submitted for the 1976/1977 biennium, which showed that not all the resources allocated to that activity seemed to be employed for the purpose for which they had been authorized. In any case, the Group believed that any additional resources that might be required for that programme should comply with the rule laid down by the Secretary-General at the second session that any budgetary increase should be [illegible] and real terms.

Mr. [illegible] (Bangladesh), speaking on behalf of the Group of 77, said that as the Board had agreed, the Secretary-General of UNCTAD had been asked at the current session of the Board to review the Programme Budget on Economic Co-operation among Developing Countries with financial implications, in the light of the decisions of the Committee on Economic Co-operation among Developing Countries, which met in May 1977. That Committee had approved an extensive work programme; however, the additional funds requested appeared to be only the bare minimum, considering the workload given to the secretariat by UNCTAD at its fourth session, and subsequently by the Committee. He therefore recommended that due consideration be given by ACABQ and the Fifth Committee to approval of the funds as requested in the revised budget.

Mr. [illegible] (Union of Soviet Socialist Republics) said that the Group D countries appreciated the efforts made by the developing countries to increase economic co-operation, but they had been anxious that national ones should be made of UNCTAD resources and had reserved their position in that respect. The figures given for the increases in the Secretary-General's programme appeared to be too high in comparison with the resources available in 1976. Group D did not favour a substantial increase in posts but rather an improvement in efforts at co-ordination between the secretariat and other United Nations bodies.

Mr. [illegible] (China) said that his delegation fully supported the Committee on Economic Co-operation among Developing Countries and hoped that the appropriate arrangements would be made in the UNCTAD working programme and budget.

37. The PRESIDENT suggested that the Board adopt the draft decision concerning the terms of reference of the Committee on Economic Co-operation among Developing Countries (TD/B/L.435).

38. It was so decided.

39. The PRESIDENT suggested that the Board adopt the draft decision concerning the review of the terms of reference of the Committee on Shipping (TD/B/L.438).

40. It was so decided.

41. The PRESIDENT suggested that the Board adopt the draft decision concerning the rationalization of the structure of the permanent machinery of UNCTAD (TD/B/L.489).

42. It was so decided.

DOCUMENTATION PROBLEMS AND THEIR EFFECT ON THE WORK PROGRAMME OF UNCTAD (agenda item 8 (a))

43. The PRESIDENT informed the Board that at the two informal meetings held on the subject, it had been possible to identify three areas in which a modest contribution could be made towards solving the problem of delays in issuing documents: the first was the Board's responsibility in regard to the calendar and agenda of meetings; the second was the preparation of documentation within the UNCTAD secretariat; and the third was the translation and reproduction of documents.

44. On the basis of the information supplied, it was apparent that quantitatively the total volume of page units of documentation per year from 1974 to 1977 had remained fairly constant. On the other hand, there had been nearly a 50 per cent increase in the volume that the United Nations Reproduction Unit had had to handle during the same period. UNCTAD's percentage of that total volume appeared to be 24 per cent.

45. The main problem, however, had been that although the total volume had remained constant, there had been many peak periods, which extended the Reproduction Unit to its maximum capacity. That problem should be viewed in perspective, since UNCTAD was going through an unusual period of activity in the wake of the Nairobi Conference. It was easy to suggest that UNCTAD should cut down the number of its meetings; another suggestion was that once it agreed to meetings it should provide the additional resources to service them.

46. UNCTAD had chosen a realistic approach, urging delegations as members of the Board to do all they could to assist the secretariat in its task of producing documents in good time. To that end they could (a) adjust their requests for scheduling of meetings to take account of the time required to prepare the necessary documentation; (b) request additional documents only when there was a clear need for them; (c) indicate relative priorities for the secretariat's guidance in planning and preparing documents; (d) reach early decisions on a provisional agenda so that key issues could be identified; (e) continue to explore ways and means of reducing documentation.

47. UNCTAD itself had taken certain remedial measures, and had considered the possibility of eliminating summary records. In that connexion, it would be helpful if regional groups could consider certain agenda items exhaustively.

complicated the work of the secretariat.

54. Mr. JARAMILLO (Colombia), speaking on behalf of the Latin American Group, proposed the inclusion of the following sentence in the report under the present item: "The Board reiterated its deep concern over the continuous delay in the distribution of documents in all languages at UNCTAD meetings, and expressed the hope that in the future, documentation would be distributed beforehand by the statutory date fixed."

55. After a brief discussion, in which the PRESIDENT, Mr. [illegible] (Argentina) and Mr. [illegible] (Philippines) took part, [illegible] was adopted.

56. Mr. [illegible] (Belgium) pointed out that documents were often delayed because of the way in which they were dated. It would be helpful if the date on a document was that on which the document was distributed in the language in question.

57. The PRESIDENT suggested that the Board take the following decision:

"At its 477th meeting, the Board heard the report of the President on the matter of documentation problems and decided to take note with appreciation of that report and annex it to its report on the first part of its seventeenth session. It decided further that this report of the President should be brought to the attention of the United Nations Office at Geneva (UNOG) with a view to appropriate action, and that the Board should review the issue of the documentation problems of UNCTAD at its eighteenth session in the light of action taken by the appropriate authorities and of developments that may have occurred in the intervening period."

58. The note would be taken of the observation made by the representative of Belgium.

59. It was so decided.

ADOPTION OF THE REPORT OF THE BOARD TO THE GENERAL ASSEMBLY (agenda item 5) (TD/B/L.479 and Add.1 (Part I, Part II), Add. 2-6)

60. The PRESIDENT requested the members of the Board, in considering the draft report, to submit only substantive amendments to the meeting. He suggested that editorial amendments be given to the Rapporteur.

61. It was so agreed.

62. Mr. BARONA (Mexico), Rapporteur, introducing the draft report on the first part of the seventeenth session, said it would be completed, to cover the present meeting, in accordance with the customary procedure. He drew attention to some amendments.

63. The draft report of the Trade and Development Board on the first part of its seventeenth session (TD/B/L.1/1 and Add.1 (Part I, Part II), Add. 2-) was adopted, with a number of amendments submitted by the Rapporteur, Mr. HAQQI (Pakistan) and Mr. AMAZ (Afghanistan).

CLOSURE OF THE FIRST PART OF THE SEVENTEENTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

64. The PRESIDENT said that the Board had ended a satisfactory session, having completed its agenda, and having taken a number of important decisions. After an exchange of courtesies, he declared the session closed.

The meeting rose at 1.40 p.m.

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TRADE AND DEVELOPMENT BOARD

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SUMMARY RECORD OF THE 478th MEETING

held at the Palais des Nations, Geneva,
on Monday, 5 September 1977, at 4.55 p.m.

President: Mr. de ALWIS (Sri Lanka)

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Opening statement by the Secretary-General of UNCTAD

Appointment of a Rapporteur

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GE.77-69212

OPENING OF THE SESSION

1. The PRESIDENT declared open the ninth special session of the Trade and Development Board, convened for the express purpose of considering the particular problem of the developing countries' indebtedness, which had reached crisis proportions, since according to the secretariat's report on the World Economic Outlook (TD/B/665/Add.1 (Part I)) debt service would absorb 25 per cent of earnings from exports of goods by 1978. The developing countries' situation was not of their own making, it was caused by the worsening of their terms of trade as a result of a decrease in income from exports and steep rises for essential imports. It was in that area that the international community had made the least progress.

2. At the present special session the Board would be reviewing the action taken by the relevant international bodies on Conference resolutions 90 (IV) and 94 (IV), resolution 149 (XVI) of the Board and General Assembly resolution 31/158. Since neither the Conference on International Economic Co-operation nor the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries had reached any agreement on remedial measures, the Board now had the task at its ministerial session of negotiating an acceptable, equitable and just solution.

3. Because of the heavy responsibility on the Board, it had been suggested that every effort should be made to narrow down the issues, if constructive consensus proposals could not be submitted, to enable the ministers to see the problem in its political dimensions as well, and arrive at realistic solutions. It was for that reason that it had been decided to hold the special session in two parts and to convene a second session of the Intergovernmental Group of Experts with guidelines for future work in the context of what could be their contribution to the ministerial session, and on the basis of the report on their first session (TD/B/670). The Group of Experts had expressed the view that the Board should consider the agenda for its second session; he therefore thought it would be advisable to hold a brief meeting at senior officials level immediately before the ministerial session to ensure positive results.

4. At the present session the Board's task was to provide a framework for the ministerial session. Although both the Conference on International Economic Co-operation and the Intergovernmental Group of Experts had failed to reach any agreement, some useful proposals had been made, and it was clear that the developing countries' debt problem concerned all countries and had very wide political, economic and social implications. As agreed by the experts in their report (para. 28) "international co-operation on the means through which debt problems of developing countries were resolved was one of the most important tasks before the international community." With a critical study of those proposals it should be possible to produce new proposals at the ministerial session.

OPENING STATEMENT BY THE SECRETARY-GENERAL OF UNCTAD

5. Mr. COREA (Secretary-General of UNCTAD) said that at the present first part of the ninth special session, the Board had a two-fold task: first, to determine the issues that could usefully be brought to the attention of ministers for deliberation and decision; and secondly, to clarify the issues and prepare the ground for the ministerial session.

6. The provisional agenda to be prepared by the Board at the present session should be kept down to manageable proportions and should concentrate on selected issues in which the involvement of ministers could be of decisive importance. Since it might not be possible at the present time to determine all the issues that might usefully be brought to the attention of ministers, the provisional agenda should retain an element of flexibility to allow for the inclusion of additional items if necessary.

7. There were some issues or items which by prior decision would in any event be taken up at the ministerial level for consideration and decision. Thus, Conference resolution 94 (IV) had referred the whole question of the review of action taken in pursuance of that resolution to the ministerial session of the Board. Again, by decision of the Board at its sixteenth session, the ministerial session should review measures taken in accordance with resolution 98 (IV) concerning the debt and related financial problems of the least developed, the developing island and the land-locked developing countries. The Board had also decided that the draft resolution of the Group of 77 submitted to the fourth session of the Conference (TD/L.124) should be remitted to the ministerial session. In addition, the General Assembly in resolution 31/159 had charged the ministerial session with the task of reaching "agreement on concrete measures to provide an immediate solution to the debt problems of developing countries." Lastly, the Intergovernmental Group of Experts had expressed the view that should the Board at the first part of its ninth special session confirm the arrangements for a second session of the Group, it would be useful if the Board would state what items would be placed on the agenda of the second session.

8. That indicated that the debt problem of the developing countries would loom especially large among the issues facing the ministerial session. The existence of the problem had now been universally recognized, and it was worsening. In 1976 the total debt of the developing countries had stood at about $200 billion, about two-thirds of which represented official debt and the remainder private or commercial debt. In 1976 debt service payments had represented 18 per cent of the exports of the developing countries, excluding the oil-exporting countries. The current account deficit of the developing countries was expected to be about $36 to $39 billion in 1977 and 1978, as compared with about $12 billion in the earlier 1970s. If the developing countries could not finance those deficits by running down reserves or by aid on concessional time, they would have to borrow on conditions that were not always consistent with the requirements of many developing countries.

9. In his opinion, a debt problem should not be considered to exist only in those extreme and hitherto exceptional cases where debtor countries were brought to the brink of default. The problem should be regarded as existing if the burden of servicing imposed such severe constraints on a country's import capacity as to jeopardize even its minimum development objectives. There seemed now to be a better understanding of that fact, and it should be taken into account if sound and satisfactory solutions were to be found.

10. One of the major aspects of the debt problem, apart from the question how to avoid it in the future, related to the steps that could be taken to ease the problems caused by debts already incurred or currently being incurred. The secretariat had never proposed one single solution only for all types of problem.

On the contrary, in all its studies it had endeavoured to differentiate between different types of problems and to suggest appropriate but different solutions. It had pointed out, for example, that the approach to the debt problems of the least developed countries should reflect the fact that the capacity of their economies was too weak to bear the burden of debt service payments. The debt problem of the most seriously affected category of countries reflected the aggravation of adverse external factors that they had been facing in recent times. For the middle income countries the problem was related to the adequacy of access to the private capital markets on suitable conditions.

11. Hitherto there had not been any international consensus on how to approach the debt problem and what form the solutions should take. Some positive developments had occurred which might have an indirect beneficial impact on the debt problem - for example, the expansion of lending facilities of international financial institutions, particularly the International Monetary Fund, the special action programme of $1 billion announced at the International Conference on Economic Co-operation, and the decision that future bilateral official development assistance to the least developed countries should be essentially in the form of grants. Further solutions were needed, however, as was seen in the fact that remedial measures of various kinds had been presented from time to time, and most recently at the International Conference on Economic Co-operation, not only by the developing countries but by developed countries as well. One of the tasks facing the ministerial conference was therefore to bring about a consensus in respect of what should be done.

12. One aspect of the debt problem which should not be ignored was that of the procedure, the principles and the institutional arrangements which would need to be established for dealing with the problem, not just immediately, but over the long term as well. Progress had been made in that respect by the Intergovernmental Group of Experts, whose conclusions constituted a valuable foundation upon which to build the work of UNCTAD in the period to come. At the Conference on International Economic Co-operation, both the developing and the developed market-economy countries had presented alternative texts proposing approaches and solutions. While there were divergences between those texts, it could not be said that there was no common ground. If there was to be a consensus on the debt problem in the near future, it would be necessary to reduce the divergences and widen the area of common ground. He believed that that was a task which could be constructively pursued and could culminate in success, and that the forthcoming ministerial session could give a major impetus to that aspect of the problem by giving political backing and a strong mandate to the secretariat for its future work in that area.

APPOINTMENT OF A RAPPORTEUR

13. The PRESIDENT said that the Rapporteur, Mr. Barona (Mexico) was unable to attend the first part of the ninth special session of the Board and it would be necessary to appoint a replacement.

14. Mr. JARAMILLO (Colombia) proposed that Mr. Delgado (Mexico) be appointed.

15. It was so decided.

The meeting rose at 5.30 p.m.

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6 September 1977

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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Ninth Special Session (First Part)

SUMMARY RECORD OF THE 479th MEETING

held at the Palais des Nations, Geneva,
on Tuesday, 6 September 1977, at 12.50 p.m.

President: Mr. de ALWIS (Sri Lanka)

CONTENTS

Adoption of the agenda (item 1 of the provisional agenda)

Preparatory work for the second part of the ninth special session (agenda item 3):

(a) Report of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries

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Corrections to the records of the meetings of the Board at the first part of the ninth special session will be consolidated in a single corrigendum to be issued shortly after the end of that part of the session.

GE.77-69237

ADOPTION OF THE AGENDA (item 1 of the provisional agenda) (TD/B/675)

1. The PRESIDENT invited the Board to examine the provisional agenda for the first part of the ninth special session (TD/B/675), drawing attention to two minor drafting changes in the wording of item 2.

2. The agenda was adopted.

PREPARATORY WORK FOR THE SECOND PART OF THE NINTH SPECIAL SESSION (agenda item 3)

(a) REPORT OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES (TD/B/670)

3. Mr. KHAN (Pakistan), Chairman of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries, introducing the Group's report (TD/B/670), said that most of the time available had been utilized in informal discussions and in meetings of the Chairman's contact group. The background documents prepared by the UNCTAD secretariat (listed on page 2 of the report) had proved of great use and had been highly appreciated by the experts.

4. It had been the understanding of the experts from developed market-economy countries that the mandate of the Group rested solely on Conference resolution 94 (IV). The experts from the developing countries, on the other hand, had held the view that the Group's function was to deal with all matters referred by the competent authorities to the ninth special (ministerial) session of the Board, including paragraph 10 (d), (e) and (f) of Conference resolution 98 (IV). During the informal discussions, experts from the developing countries had also asked for consideration of draft resolution TD/L.124, remitted to the ministerial session by the sixteenth regular session of the Board, and of General Assembly resolution 31/158, which requested some specific action by the ministerial session. In the event, the Group had agreed to phrase the substantive item on its agenda as follows: "Questions arising out of Conference resolution 94 (IV) and relevant proposals and recommendations."

5. The experts had conducted their review in two parts. The first part, relating to debt relief operations since the fourth session of the Conference, was reflected in chapter I of the report and the second part, relating to proposals in the area of debt, in chapter II. The proposals of the experts from developing countries on immediate and generalized debt relief would be found in annex I of the report. The position of the experts from the socialist countries of Eastern Europe was summarized in chapter I, paragraph 10. It would be seen that there had been wide divergencies among the groups on the nature of the situation and the merits of the various proposals under review. All the experts had agreed, however, that international co-operation in resolving the debt problems of the developing countries was one of the most important tasks facing the international community and that the solution and prevention of such problems would be in the interests of both creditors and debtors. The experts from the developing countries and from the developed market-economy countries had also agreed that co-operation in a multilateral framework was required, while the socialist countries preferred the bilateral approach.

6. With regard to the scope of the Group's mandate, the experts from the developing countries had felt that more specific terms of reference would be necessary to expedite any further work the Group might be asked to do. All the experts had agreed that, should the Board confirm arrangements for a second meeting of the Group, the agenda for such a meeting should be drawn up in the light of the report under consideration.

The meeting rose at 1.15 p.m.

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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Ninth special session (First Part)

SUMMARY RECORD OF THE 480th MEETING

held at the Palais des Nations, Geneva,
on Wednesday, 7 September 1977, at 5.25 p.m.

President: Mr. de ALWIS (Sri Lanka)

CONTENTS

Provisional agenda for the second part of the ninth special session of the Trade and Development Board, at the ministerial level, in consideration, inter alia, of Conference resolutions 90 (IV) and 94 (IV), decision 149 (XVI) of the Trade and Development Board, noting General Assembly resolution 31/158, having in mind other relevant United Nations proposals and recommendations, and in particular draft resolution TD/L.124 which has been remitted to the ministerial session of the Trade and Development Board (agenda item 2)

Preparatory work for the second part of the ninth special session (agenda item 3):

(a) Report of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries (TD/B/670)

(b) Mandate of the second meeting of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries

Organization of work

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PROVISIONAL AGENDA FOR THE SECOND PART OF THE NINTH SPECIAL SESSION OF THE TRADE AND DEVELOPMENT BOARD, AT THE MINISTERIAL LEVEL, IN CONSIDERATION, INTER ALIA, OF CONFERENCE RESOLUTIONS 90 (IV) AND 94 (IV), DECISION 149 (XVI) OF THE TRADE AND DEVELOPMENT BOARD, NOTING GENERAL ASSEMBLY RESOLUTION 31/158, HAVING IN MIND OTHER RELEVANT UNITED NATIONS PROPOSALS AND RECOMMENDATIONS, AND IN PARTICULAR DRAFT RESOLUTION TD/L.124 WHICH HAS BEEN REMITTED TO THE MINISTERIAL SESSION OF THE TRADE AND DEVELOPMENT BOARD (agenda item 2)

PREPARATORY WORK FOR THE SECOND PART OF THE NINTH SPECIAL SESSION (agenda item 3):

(a) REPORT OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES (TD/B/670)

(b) MANDATE OF THE SECOND MEETING OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES

1. The PRESIDENT said that the consultations with the co-ordinators of the regional groups had enabled some progress to be made with respect to the provisional agenda for the second part of the ninth special session of the Board, since one group had already presented a preliminary proposal which, although dealing exclusively with procedural matters, would constitute a good starting-point for future discussions. With regard to the mandate of the second meeting of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries, no proposal had yet been made, but he hoped that the discussions he had had with the co-ordinators would provide a stimulus to the groups and lead to positive proposals.

ORGANIZATION OF WORK

2. The PRESIDENT said he had always held the view that even if they could make their voice heard through the spokesman for the regional group to which they belonged, delegations should have an opportunity of following the work that went on in the smaller committees. It had thus been decided at the current session that all delegations wishing to do so could attend the meetings of the Contact Group. Unfortunately, the only room equipped to provide interpretation in six languages that had been placed at the Board's disposal was that in which the plenary meeting was currently being held, and because of its size it was not very suitable for smaller meetings. The Contact Group had therefore met in a smaller room which was one interpretation booth short, so that some delegations had been unable to participate in the deliberations.

3. After examining the question with the co-ordinators of the regional groups, he had reached the conclusion that the only way in which the Board could really draw the attention of the United Nations General Assembly to that practical problem was to take a decision in good and due form, and he therefore proposed - provided there was no objection on the part of the Board - to submit a draft decision requesting the General Assembly and the other competent authorities to take immediate steps to see that two smaller and appropriately equipped rooms were placed at the Board's disposal for its smaller meetings.

4. He also pointed out that a number of delegations had not yet presented their credentials, and he invited them to complete the necessary formalities as soon as possible so that the Board would be in a position to adopt the Bureau's report on credentials.

The meeting rose at 5.45 p.m.

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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Ninth Special Session (First Part)

SUMMARY RECORD OF THE 481st MEETING

held at the Palais des Nations, Geneva,
on Thursday, 8 September 1977, at 3.30 p.m.

President: Mr. de ALWIS (Sri Lanka)

CONTENTS

Preparatory work for the second part of the ninth special session (agenda item 3) (continued):

(a) Report of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries

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GE.77-69350

PREPARATORY WORK FOR THE SECOND PART OF THE NINTH SPECIAL SESSION (agenda item 3) (continued):

(a) REPORT OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES (TD/B/670)

1. Mr. ĆEMULIĆ (Yugoslavia), speaking on behalf of the Group of 77, noted that the Intergovernmental Group of Experts in their report (TD/B/670, paras. 28, 29 and 30) stressed the importance of international co-operation on the subject and acknowledged that there remained major divergencies on the possible solutions. He said that the ministerial session of the Board would provide a unique opportunity for mobilizing the necessary political will, and that during the preparatory work matters of procedure should not hinder the discussion of substantive issues and the negotiation of appropriate measures which should be submitted to the Ministers for decision.

2. With regard to their debt problems, the position of the developing countries had deteriorated considerably in recent years owing to circumstances beyond their control. These countries had to run record current account deficits merely to sustain levels of imports necessary for the barest minimum growth in per capita incomes. Moreover, official transfers of resources had not kept pace with needs: in 1975 official development aid (ODA) had amounted to $17.7 billion, less than half of the current account deficits of developing countries. In the case of the most seriously affected countries, net ODA transfers had amounted to $8 billion, while the deficit on current account had been $11.2 billion, debt-service payments alone had exceeded $2 billion. The least developed countries were in an even more difficult situation, since they had special development problems on account of which their debt-servicing had become even more onerous than that of the other developing countries. The development programmes of all those countries were therefore severely compromised. Some countries which enjoyed access to private capital markets had raised loans, but they were usually short-term loans obtained on unfavourable terms, and they were likely to create a serious problem through the "bunching" of their repayments. In maintaining their import levels by such means, they had played a major part in sustaining world demand and thereby preventing an even worse recession.

3. The countries which had not had access to private capital markets, particularly the most seriously affected, the least developed, land-locked and island developing countries, had had no alternative but to cut back their imports and investment programmes, and had thus failed to attain internationally-accepted targets for the growth of their GDP and per capita incomes and were now facing a genuine development crisis. Millions of people were involved, and the international community must think in terms of a co-ordinated approach and address itself to the overriding problem of the indebtedness of developing countries as a matter of urgency.

4. Debt-service payments had cut deeply into the budget and the foreign exchange resources of those countries, which had had to face further difficulties because of the narrowing of their export markets and the growing number of trade restrictions in the developed market economies. The developing countries therefore no longer had much manoeuvrability and found it impossible to pursue their development programmes. The burden of debt-servicing was obviously overwhelming and it was, for example, generally accepted that for the least developed countries the new ODA transfers should be essentially in the form of grants and that for other low-income countries they should be on more concessional terms. To provide immediate debt relief on official debt for the least developed countries would only involve applying the proposal to past loans.

5. With regard to the developing countries which had access to private capital markets and raised short-term loans to finance their long-term requirements, the problem was a different one: if they were to have a more balanced debt structure they needed a refinancing facility, sponsored by an official organ, which would offer them long-term loans on commercial terms and thus supplement and complete the current inadequate functioning of private capital markets.

6. Two important tasks had to be successfully completed before the ministerial session: the preparation of proposals for a political decision on immediate measures, and the clear definition of problems arising from the proposals made on guidelines for future debt reorganization. It was also necessary to confirm the convening of a second session of the Intergovernmental Group of Experts and give it a clear and firm mandate.

7. The agenda of the ministerial session should be concise and should concentrate on the action needed to provide debt relief for the least-developed countries and to consolidate the commercial debt of the interested developing countries. The Board might also wish to consider the need for further consultations and negotiations on guidelines for future debt reorganization in the light of the report which the Intergovernmental Group of Experts would submit on its second session; and it must have the possibility of considering other matters that might be thought relevant, especially as a result of events occurring before the coming January.

8. Mr. FEVRE (France), speaking on behalf of Group B, said that the experts of developed market-economy countries had clearly understood that the work of the Intergovernmental Group of Experts fell within the framework of Conference resolution 94 (IV) on the basis of which it had been given the responsibility of making an assessment of the measures taken to comply with that resolution. The experts had wished to stress once again the importance attached by their Governments to the matter of the debt problems of developing countries, and their will to find an appropriate answer to them. Although they were acutely aware of the needs of the poorest of the developing countries, the Group B countries had nevertheless wished to stress that the difficulties of those countries were really of a developmental nature and that solutions suited to the nature of those problems should be sought.

9. Taking specific cases of operations and debt reorganization which had been observed since the fourth session of the Conference, the experts of Group B had agreed that they had been settled in a satisfactory manner.

10. They had also stressed the importance and the constructive nature of the proposal put forward by the United States and the European Economic Community at the Conference on International Economic Co-operation in terms of the factors which might provide guidance for future operations in respect of debt problems. Most of them felt that the proposal was in keeping with the mandate set forth in Conference resolution 94 (IV) and provided a realistic and practical response to the debt problems of the developing countries.

11. It had further been pointed out that Sweden had put a proposal to the Conference on International Economic Co-operation and the Swedish expert had stressed that the idea of relief measures in respect of the debt contracted under ODA accorded to the least-developed countries remained valid.

12. It was in the interest of both creditors and debtors to find appropriate means of solving and avoiding these problems, and he wished to reaffirm the determination of the Group B countries to continue multilateral co-operation in order to take rapid action to assist the developing countries as they grappled with the problems of indebtedness, and to help in a constructive manner in the advance of international co-operation in that sphere.

13. Mr. LALOUX (Belgium), speaking on behalf of the European Economic Community, said that the Community was assessing the importance attached to the external indebtedness of the developing countries and the seriousness of the problems which affected a number of countries over either the short or the long term. For that reason the Community, together with the United States, had submitted to the Conference on Economic Co-operation a proposal which seemed to form a coherent package and a positive and direct answer to those problems. Their proposal took account of development in general and of the effect of international economic factors on individual developing countries, mainly through the provisions relating to review procedures and through solutions to longer-term debt problems.

14. For the purpose of finalizing the procedures needed to ensure the proper preparation of the ministerial session, he drew attention to the guidelines which governed the Community's view on the matter. It was perfectly normal that economic growth should mean increasing indebtedness, at any rate in its early stages. In spite of the marked progression of the deficit on current account of the developing countries since 1974, the problem must nevertheless by analysed primarily in the light of the distribution of the debt among the most affected countries, the structure of the debt, and world inflation. Consideration must also be given to the different measures which the international community had already taken to improve the assistance given to needy countries to finance their deficits and to make the adjustments called for by their situation. It was therefore necessary to

analyse and define the action to be taken in terms of the specific situations and to make a clear distinction between crises and more or less structural situations of longer duration, while ensuring that general development was given due consideration.

15. It was in that spirit that the Community intended to make a constructive contribution to the further work of the Intergovernmental Group of Experts.

16. Mr. PANKINE (Union of Soviet Socialist Republics), speaking on behalf of the Group D countries, said that unhealthy trends had continued to develop since the fourth session of the Conference. A small group of capitalist countries were amassing more and more financial resources, while the debt burden of many countries was growing continually. For that reason, external indebtedness was becoming one of the most acute problems in relations between the developing countries and the developed capitalist nations and their monopolies. It was impossible not to agree with the experts of the developing countries that the crisis and inflation afflicting the capitalist world were among the principal causes of the considerable worsening of their balance-of-payments deficits since 1973, combined with inadequate income from exports and deterioration in their terms of trade. The Intergovernmental Group of Experts had pointed out in its report that the critical foreign exchange position of the developing countries was due not to mistakes made in their economic or financial policies but to factors stemming from developments in the world capitalist economy.

17. The socialist countries were in no way responsible for the sharp fall in demand for products exported by developing countries, or for rising inflation, currency devaluation, and fluctuating rates of exchange, which had all aggravated the financial and monetary difficulties encountered by the latter.

18. It was the prime duty of the international organizations, UNCTAD among them, to endeavour to prevent neo-colonialism from using those difficulties as a pretext to bring political pressure to bear on developing countries and interfere in their internal affairs.

19. The problem of the external indebtedness of developing countries could only be satisfactorily solved over the long term if international economic relations were restructured on a democratic and equitable basis by finally putting an end to colonialism and neo-colonialism in the economic sphere. UNCTAD could make a contribution to that process, and the delegations of the Group D countries were ready to help to draw up recommendations to that effect. At the present time the solution depended directly on compensating for the damage caused to the economy of developing countries by the crisis affecting the capitalist economy and monetary system, and by the selfish activities of the transnational monopolies. The delegations of the Group D countries were sympathetic to the demands which the developing countries were justifiably making on the developed capitalist nations.

20. In the sphere of credit policies, relations between socialist and developing countries were not conducted in the same way as between the latter countries and the capitalist world. The purpose of the credits granted by the socialist countries to the developing countries were part of an economic and technical co-operation programme for the development of the latters' production, exploitation of their natural resources, enhancement of their scientific and technical potential, and formation of an infrastructure. Supports in the form of credits were thus inseparably linked to the implementation of specific projects laid down in the plans and programmes adopted by the developing countries.

21. Developing countries were to a considerable extent repaying the credits received from socialist countries by supplying their products, and that was one means of stimulating their export drive. Any effort to apply one single formula for settling debt problems was liable to have an adverse effect on such export development. The socialist countries were ready to extend the practice of credit repayment in the form of supply of goods, with due consideration for the interests of creditor and debtor. Both the socialist and the developing countries had the opportunity to find mutually acceptable solutions within the framework of bilateral relations both for credit problems and for ways and means of repayment.

22. The socialist countries invited their partners in the developing world to continue to follow the established practice of discussing and finding solutions for problems relating to use and repayment of credits granted. They were always ready to conduct direct negotiations with those partners, in the spirit of the intergovernmental agreements in force.

23. Mr. EL-SHAFEI (Egypt) stated that the terms of reference for the ministerial session of the Board had been defined in the resolutions adopted by the Conference at its fourth session, by the Board at its sixteenth session, and in General Assembly resolution 31/158. The task was to review the measures taken by both developed and developing countries with a view to relieving the external indebtedness of the latter in the framework of international co-operation. Those debt problems had features in common, and the only way they could be solved was by international action. Although the problem had been examined by other bodies, there was no doubt whatsoever that it fell within the competence of UNCTAD to discuss them.

24. During the present first part of its ninth special session, the Board had to prepare the ground thoroughly for the ministerial meeting in January 1978. It was a matter for regret that the agenda adopted for the first part did not include an in-depth study of the debt problem which would have made it possible to prepare adequately for the January session and to acquaint the Ministers sufficiently long in advance with the areas of agreement which such preparatory work would have brought to light.

25. For that reason, despite the short time available to the Board during the first part of the current session, his delegation hoped that the President might be able to contact the various parties and groups concerned, with the object of finding out at least in an informal way where there was common ground and to report to the Board accordingly.

26. The Egyptian delegation subscribed fully to the views expressed in the statement by the spokesman for the Group of 77 on the report prepared by the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries (TD/B/670). The Group of Experts had not been able to launch negotiations on specific measures to remedy the serious problem of external indebtedness of developing countries and had confined itself to reviewing a number of proposals on the subject placed before the Conference on International Economic Co-operation, together with three specific cases of debt relief operations, noting that the three operations examined did not spring from Conference resolution 94 (IV).

27. The two proposals made to the Conference on International Economic Co-operation by the Group of 19 developing countries, one of them on immediate and generalized debt relief and the other on future operations relating to debt and to the institutional arrangements bound up with them, had been supported by the Group of 77, which had pointed out that debt relief for developing countries would benefit not only the latter but the developed countries as well, indeed the whole of the international community.

28. It was desirable that the developed countries should extend their credit insurance system to exports, so that developing countries could benefit from long-term interest-free or token-interest credits for their imports of capital goods. Such facilities would enable the latter countries to make a corresponding reduction in their commercial short-term loans, on which interest was high.

29. Although recognizing the gravity and urgency of the problem of external indebtedness, the Group of Experts had not succeeded in reaching agreement on ways of dealing with it, and like the Conference on International Economic Co-operation it had failed to agree on practical measures to be taken. The efforts made by both those bodies had, however, not been futile, because they had given the parties concerned a chance to gain a firmer grasp of the problem and appreciate each other's position more fully.

30. The Group of Experts had realized that the solution of the debt problem facing developing countries was one of the most important tasks before the international community and one which called for co-operation on a multilateral footing between creditor and debtor countries, all of which stood to gain from the solution and future avoidance of that problem. The developing countries considered that UNCTAD was the most appropriate forum for examining the question and continuing the North-South dialogue. Discussions at the fourth session of the United Nations Conference on Trade and Development, at the Conference on International Economic Co-operation, and at the first session held by the Group of Experts, had yielded sufficient material to draw up proposals for measures that would bring an answer, and the Board should therefore invite the Group of Experts to negotiate such measures at its second session and submit recommendations to the Board at its ministerial session.

31. Mr. AN (China) stated that the causes of the increasingly heavy debt burden borne by developing countries were both historical and of the present time. The trade deficits of those countries had been created by the persistent inequality of the terms of trade, and harsh conditions attaching to loans weighed heavily on them, while the global economic crisis in the capitalist countries during recent years, which the super-Powers had transferred to other countries, had aggravated the debt situation in the developing world. In other words, the increasing debt burden of the developing countries was closely related to the old system of international economic relations based on exploitation and control.

32. The solution of the external debt problem had become an urgent task, and the Chinese delegation supported the proposals made by the developing countries for alleviating their indebtedness. It held the view that the debts of the least developed, land-locked and island developing countries should be given special attention and that those countries should receive practical help.

33. His delegation hoped that at the session to be devoted to the debt question, the Board could achieve positive results, since it had the full power to do so. Since the ministerial session would last only five days, its agenda ought to concentrate on the debt problems of developing countries. Other problems could be discussed by other appropriate bodies.

34. The ministerial session should keep to the guidelines laid down by the General Assembly at its sixth special session and treat the solution of debt problems as an important element in the establishment of a new international economic order. All the developing countries should strengthen their unity with other nations sympathetic to their difficulties, work together to fend off interference by the super-Powers, and pool their efforts to make the session a success and to bring about a thorough-going reform of the system of international economic relations.

The meeting rose at 4.40 p.m.

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13 September 1977

United Nations Conference on Trade and Development

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TRADE AND DEVELOPMENT BOARD

Ninth Special Session (First Part)

SUMMARY RECORD OF THE 482nd MEETING

held at the Palais des Nations, Geneva,
on Saturday, 10 September 1977, at 6 p.m.

President: Mr. de ALWIS (Sri Lanka)

CONTENTS

Provisional agenda for the second part of the ninth special session of the Trade and Development Board at the ministerial level (agenda item 2)

Preparatory work for the second part of the ninth special session (agenda item 3)

(b) Mandate of the second meeting of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries

(c) Other arrangements

Other business (agenda item 4)

Adoption of the report on the first part of the ninth special session (agenda item 5)

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GE.77-69376

PROVISIONAL AGENDA FOR THE SECOND PART OF THE NINTH SPECIAL SESSION OF THE TRADE AND DEVELOPMENT BOARD AT THE MINISTERIAL LEVEL (agenda item 2)

1. The PRESIDENT introduced a draft provisional agenda for the second part of the ninth special session which he had prepared as a result of his informal consultations on the subject.

2. The provisional agenda for the second part of the ninth special session (TD/B/L.492) was adopted.

PREPARATORY WORK FOR THE SECOND PART OF THE NINTH SPECIAL SESSION (agenda item 3)

(b) MANDATE OF THE SECOND MEETING OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES

3. The PRESIDENT invited the Board to consider the following mandate for the second meeting of the Intergovernmental Group of Experts:

> "To prepare for items 2 and 3 of the provisional agenda of the ninth special session of the Trade and Development Board at ministerial level and to report to the resumed first part of that session."

4. The mandate for the second meeting of the Intergovernmental Group of Experts (TD/B/L.493) was adopted.

5. It was decided to request the Secretary-General of UNCTAD to prepare the necessary documents for use by the Intergovernmental Group of Experts.

(c) OTHER ARRANGEMENTS

6. The PRESIDENT proposed that the agenda for the resumed first part of the ninth special session at the level of senior officials should be the same as that for the ministerial part of the session, and that the schedule of meetings should be as follows: second meeting of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries, 5-16 December 1977; second part of the ninth special session of the Board at the level of senior officials, 23-27 January 1978; third part of the ninth special session at the ministerial level, 6-10 March 1978. The proposed date of the meeting of the Intergovernmental Group of Experts might not necessitate the postponement of the scheduled meeting of Governmental Experts on Interdependence of the Problems of Trade, Development Finance and the International Monetary System.

7. Mr. STEINBACHER (Office of Administration) said that the financial implications of the session of the Board at the level of senior officials, based on the usual servicing requirements for sessions of the Board, would amount to $125,000.

8. The statement was noted and the above arrangements were approved.

OTHER BUSINESS (agenda item 4)

9. The PRESIDENT invited the Board to consider the report on credentials (TD/B/676).

10. The report on credentials was adopted.

11. The PRESIDENT invited the Board to consider a draft decision on conference facilities which he had submitted as a result of informal consultations (TD/B/L.491).

12. Mr. STEINBACHER (Office of Administration) said that a preliminary study made by the United Nations Office at Geneva earlier in the year indicated that it was technically feasible to adapt, for interpretation in six languages, conference rooms XXI and XXVI of building E of the Palais des Nations. The construction work for those two conference rooms was estimated to take about six months and to cost $175,000.

13. The draft decision was adopted.

ADOPTION OF THE REPORT ON THE FIRST PART OF THE NINTH SPECIAL SESSION (agenda item 5) (TD/B/L.490 and Add.1)

14. The draft report on the first part of the ninth special session (TD/B/L.490 and Add.1) was adopted.

15. The PRESIDENT declared the first part of the ninth special session closed.

The meeting rose at 6.25 p.m.

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24 January 1975

United Nations Conference on Trade and Development

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TRADE AID DEVELOPMENT BOARD

Ninth Special Session (Second Part)

SUMMARY RECORD OF THE 483rd MEETING

held at the Palais des Nations, Geneva,
on Monday, 23 January 1975, at 12.25 p.m.

President: Mr. de ALWIS (Sri Lanka)

CONTENTS

Opening of the second part of the ninth special session

Liminaire statement by the Secretary-General of UNCTAD

Procedural matters (item 1 of the provisional agenda):

(a) Adoption of the agenda and organization of the work of the session

Other business (agenda item 7)

Institutional matters (agenda item 6):

(b) Announcement of any changes in the membership of the Board

(c) Treatment of new States members of UNCTAD for purposes of elections

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GE.75-61244

OPENING OF THE SECOND PART OF THE NINTH SPECIAL SESSION

1. The PRESIDENT, after reviewing the decisions of the Conference at its fourth session relating to the holding of a ministerial session of the Board in 1977, the consequent action taken by the Trade and Development Board at the first part of its ninth special session and the provisions of General Assembly resolution 32/187, said that the Board now had before it the report of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries on its second session (TD/B/685 and Add.1-3) and the note on "Selected issues relating to the establishment of common norms in future debt reorganization" (TD/AC.2/9) which the UNCTAD secretariat had submitted to the Intergovernmental Group of Experts at its second session. He invited the Board's attention again to the relevant paragraphs of the report of the meeting of multilateral and bilateral financial and technical assistance institutions with representatives of the least developed countries (TD/B/631). In his statement to the Board, the Secretary-General of UNCTAD would presumably elaborate further on the issues to be dealt with during the session.

2. He believed that the Board's task was to consider the information before it, to identify the issues involved and make recommendations thereon for submission to the Ministers at their meetings to be held from 6 to 10 March 1978. For that purpose, the Board had before it, in annexes 1-3 of document TD/B/685, the position papers of the Groups and papers submitted by the United States of America and Sweden. He suggested that the proposals made in those papers should form the basis for the Board's discussion and negotiations.

3. A comparison of the proposals made by the developing and the developed countries was to be found in the annex to document TD/AC.2/9. That comparison showed that there were certain elements common to the various proposals. Indeed, at the second session of the Intergovernmental Group, the expert from Sweden had expressed the hope that it would be possible to reach a compromise on the basis of the texts and proposals submitted, since they all contained many useful elements, and the spokesman for the Group of 77 had reiterated that that Group had not asked for debt relief for all developing countries. In that connexion, the recent moves by the Governments of Canada, the Netherlands, Sweden and Switzerland to alleviate the debt problem of a number of developing countries were most commendable.

4. The problem of the external indebtedness of developing countries was one of the most important issues facing the international community. It was encouraging, therefore, that both creditor and debtor countries agreed that a solution must be found. He did not doubt the willingness of all present to join in the common endeavour towards achievement of that objective.

OPENING STATEMENT BY THE SECRETARY-GENERAL OF UNCTAD

5. Mr. COREA (Secretary-General of UNCTAD) said that the meetings of the Trade and Development Board to be held from 6 to 10 March would be the first to be held at ministerial level. That accord that all member States recognized that the problems to be dealt with - the external indebtedness of developing countries, including the debt of the least developed and financial problems of the least developed countries, developing island countries and developing land-locked countries - required international attention at a high political level. Much analysis of those problems had already been undertaken by UNCTAD and other bodies, but a clear consensus had not yet been reached on what their solutions might be. In his opinion, positive outcome would require political initiative at a high level in developed countries, and he hoped that the ministerial meeting would result in forward movement in overcoming at least some of the major stumbling blocks of the North/South dialogue. The Board would contribute to the success of the ministerial meeting if it succeeded, at the present part of the session, in identifying the outstanding issues and possible solutions, thus enabling Governments to reconsider their positions and come forward with new ideas that might provide a basis for consensus at the ministerial meeting.

6. [illegible] It was [illegible] that there was already a broad measure of agreement on several points. There appeared to be agreement, for example, that the unequal terms of present difficulties that most developing countries had experienced in the recent past were not due to domestic mismanagement or overspending but were primarily imposed as a result of the [illegible] of inflation and recession in the developed world. There seemed to be agreement also that if the level of world economic activity was to be increased, a more equitable distribution of the benefits of growth would have to be encouraged through [illegible] development that would be brought about through long-term flows on appropriate terms and conditions. There seemed to be agreement that [illegible] in terms of trade of developing countries, to [illegible] and to [illegible] were essential if the gap between developed and developing countries was not to widen still further. Official development assistance to the poorest countries must be substantially increased if they were to meet [illegible] targets for [illegible].

7. There seemed to be agreement that the objective of creating optimal conditions for private capital flows to developing countries was the stability of external financing for those countries, which currently met the largest deficits in relative terms. It was also important to improve access to capital markets by developing countries and to avoid [illegible] which not only [illegible] but also [illegible] the stability of financial markets. Finally, there seemed to be agreement that [illegible] should be [illegible] in a multilateral framework, should safeguard both the legitimate interests of the creditors and the development objectives and the welfare of the people of the debtor country.

8. Seen in the context of the consensus elements to which he had just referred, the issues before the Board might be usefully considered under the following three broad headings: international measures relating to the outstanding official debt of certain categories of poorer developing countries; the scope of official intermediation in increasing the availability of private funds to developing countries on appropriate terms and conditions; and agreement on the establishment of international guidelines for future debt re-organization.

9. The subject of the external indebtedness of the poorer developing countries had been examined exhaustively in the past two years and seemed to be ripe for a political decision. What was needed now was the adoption of a scheme that would meet the needs of all parties involved, irrespective of their economic and social systems. In the light of the memorandum submitted by Sweden at the last session of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries, and the informal meetings of Governments to that body, he believed that a satisfactory agreement could be reached by adopting a course of international action that would safeguard the flexibility of the donor countries to determine the volume of overall assistance and its distribution among recipient countries and, at the same time, result in an increased net transfer of resources to the poorer developing countries in the form of quickly disbursed funds, on improved terms and conditions. One way of meeting those agreed objectives would be for the donor countries to agree to extend their current standards regarding terms of assistance to outstanding bilateral official debt. Developed countries had agreed to provide assistance to least developed countries primarily in the form of grants. Currently, credits to IDA countries were very often on terms equivalent to, or even better than, IDA terms. On the other hand, current debt service payments of developing countries reflected terms of assistance that had prevailed some 10 or 15 years previously. On the whole, those terms were considerably harder than the terms now considered appropriate for the poorer developing countries. A case could be made for bringing the terms of outstanding official loans incurred in the past into line with terms currently accepted.

10. The UNCTAD secretariat had examined the implications of such an upward correction of terms of the official outstanding debt of the least developed countries, the land-locked and island developing countries and other IDA countries and had come to the conclusion that such an approach would go a long way towards reducing the debt service burden of the recipient countries. For example, if the official bilateral debt of least developed, land-locked and island developing countries were to be converted into grants and if the outstanding official bilateral debt of other IDA countries were to be recalculated so as to increase its implicit grant element from 55 per cent to 75 per cent, the total average annual savings in debt service outflow from these countries in each of the next five years would be more than $600 million. That approach would raise the grant element of total post official assistance, including grants, from about 75 per cent to about 87 per cent, which was consistent with the target recommended for terms of assistance in resolution XXI (XVI) of the Board. In implementing such a proposal some flexibility would be introduced to take into account differences in performance by donor countries with regard to the share of grants in their aid flows.

19. The third major area to which the Ministers should give priority attention was that the vital need for a long-term policy framework within which the international community could address itself to the problem of investment in general, and resolve debt crises in a manner that would be equitable for both creditors and debtors. Work at the technical level had shown that the proposals already contained many common elements, but nevertheless at the last session of the Intergovernmental Group of Experts had been brought to a halt because many of the experts had apparently had no authority to negotiate. That was an additional reason why the Board should now pay particular attention to identifying the broad objectives that would form the basis of common action. Its future work would include scheduling, and to giving the intergovernmental machinery constructive guidance on which to report and on the policy issues involved.

20. In viewing the holding of the [illegible] meeting as a major initiative to open a dialogue between developed and developing countries, it would be regrettable to mark a turning-point in the debt problems of the latter, which would inevitably have been a cause of frustration if significant progress was not achieved.

21. In moving towards the fifth session of the Conference and the Third Development Decade, it was imperative to realize that the development of the developing countries was an essential factor in the stable and balanced growth of the world economy and that the international community as a whole should demonstrate its common commitment to ensure that acceptable levels of development were achieved. The work to be done at the present and third parts of the session should therefore result in establishing this objective as the basis for building a new, just and equitable international economic order.

22. The PRESIDENT thanked the Secretary-General for his statement, which had clarified the issues before the Board and contained constructive suggestions to guide members in their deliberations.

23. Mr. KLEMM (Zaire), speaking on behalf of the Group of 77, thanked the Secretary-General for his interesting statement and for the proposals in that sense, which offered a sound basis for solving the problems before the Board, provided the political will to solve them existed. The Group requested that the text of the Secretary-General's statement should be circulated in all the working languages of UNCTAD.

24. Mr. ARISMENDI (Secretary of the Board) informed the Board that the financial implications of making the text available in the languages requested, i.e. Arabic, English, French and Spanish, as a part of [illegible] would be $8,000.

25. The PRESIDENT said that, in the absence of objection, he would take it that the Board wished the Secretary-General's statement to be circulated in all the working languages.

26. It was so decided.

PROCEDURAL MATTERS (item 1 of the provisional agenda):

(a) ADOPTION OF THE AGENDA AND ORGANIZATION OF THE WORK OF THE SESSION (TD/B/486)

23. The PRESIDENT invited the Board to consider the provisional agenda (TD/B/486), which had been approved by the Board during the first part of the ninth special session, when it had been decided that the same agenda would serve for the third (adjourned) part of the session. The spokesman for Group B had requested, in informal consultations with the regional co-ordinators, that the title of item 5 should be left open. In the absence of objection, he would take it that the Board adopted the provisional agenda on the understanding that item 5 remained open for discussion.

24. It was so decided.

25. The PRESIDENT suggested that it might be preferable to hold plenary meetings in the afternoons only, so that mornings would be left free for the regional groups to hold discussions. He also suggested that an open-ended contact group should be established. In the absence of objection, he would take it that his suggestions were approved.

26. It was so decided.

OTHER BUSINESS (agenda item 7)

Replacement of a Vice-President

27. The PRESIDENT said he was informed that one of the Vice-Presidents of the Board, Mr. Prakash of the Byelorussian SSR, would be unable to attend the session and would be replaced by Mr. Loukianovitch from the same country. In the absence of objection, he would take it that the Board elected Mr. Loukianovitch as one of its Vice-Presidents.

28. It was so decided.

INSTITUTIONAL MATTERS (agenda item 6):

(b) ANNOUNCEMENT OF ANY CHANGES IN THE MEMBERSHIP OF THE BOARD

29. The PRESIDENT informed the Board that Surinam and Zambia had notified the Secretary-General of their wish to become members of the Board, in accordance with General Assembly resolution 1995 (XIX), as amended. In the absence of objection, he would take it that those countries were declared members of the Board.

30. It was so agreed.

(a) TREATMENT OF NEW STATES MEMBERS OF UNCTAD FOR PURPOSES OF ELECTIONS

31. The PRESIDENT welcomed the Republic of Djibouti to the membership of UNCTAD and asked the Board whether it agreed, pending action by the Conference at its fifth session, and for the purposes of elections, to add Djibouti to list A of the annex to General Assembly resolution 1995 (XIX), as amended.

32. It was so decided.

The meeting rose at 1.15 p.m.

United Nations Conference on Trade and Development

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TRADE AND DEVELOPMENT BOARD

Ninth Special Session (Second Part)

SUMMARY RECORD OF THE 484th MEETING

held at the Palais des Nations, Geneva,
on Monday, 23 January 1978, at 5.10 p.m.

President: Mr. de ALWIS (Sri Lanka)

CONTENTS

Pursuant to Conference resolution 94 (IV), review of actions concerning the indebtedness of developing countries, in particular, the discerning of features which could provide guidance in operations relating to debt problems (Agenda item 2)

and

Consideration of proposals made by developing countries and of other views expressed at the first session of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries as reported in document TD/B/670 (agenda item 3)

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GE.78-61248

PURSUANT TO CONFERENCE RESOLUTION 94 (IV), REVIEW OF ACTIONS CONCERNING THE INDEBTEDNESS OF DEVELOPING COUNTRIES, IN PARTICULAR, THE DISCERNING OF FEATURES WHICH COULD PROVIDE GUIDANCE IN OPERATIONS RELATING TO DEBT PROBLEMS (agenda item 2) (TD/B/670, TD/B/635 and Add.1-3; TD/AC.2/9)

and

CONSIDERATION OF PROPOSALS MADE BY DEVELOPING COUNTRIES AND OF OTHER VIEWS EXPRESSED AT THE FIRST SESSION OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES AS REPORTED IN DOCUMENT TD/B/670 (agenda item 3) (TD/B/685 and Add.1-3, UNCTAD/OI/1022)

1. Mr. KAMU (Pakistan), Chairman of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries, introducing the Group's report on its second session (TD/B/685 and Add. 1-3), said that the report should be read in conjunction with the report of the Group on its first session (TD/B/670). The mandate of the Group of Experts, at its second session, had been laid down clearly by the Board and consisted in preparing for items 2 and 3 of the agenda for the Board's present session.

2. While the experts from the Group of 77 had wished to focus attention immediately on the proposals and views presented at the first session, Group B had considered that the first requirement was an in-depth analysis of the debt situation, after which a frank dialogue should be established between experts of various groups, in order to assist the Board when it met at ministerial level. That was why chapter I of the report was entitled "Analysis of the debt situation of developing countries". It was supplemented by texts submitted jointly by Group B and individually by Sweden and the United States of America (TD/B/685/Add.1), the Group of 77 (TD/B/685/Add.2) and Group B (TD/B/685/Add.3).

3. Chapter II dealt with agenda item 2, and overlapped with that aspect of agenda item 3 which concerned future debt reorganization operations. For the consideration of that part of agenda item 3, the Group of Experts had had before it a note prepared by the UNCTAD secretariat, entitled "Selected issues relating to the establishment of common norms in future debt reorganizations" (TD/AC.2/9), and the proposal on future debt reorganization submitted by the Group of 77 at the first session of the Group of Experts (TD/B/670, annex II). It had also had before it the proposal of the European Economic Community and the United States of America submitted at the Conference on International Economic Co-operation (TD/B/685/Add.1, annex I A, appendix I).

4. The experts from the Group of 77 had felt that there was scope for discerning common features, norms or guidelines in those three documents, which might provide a good basis for further Board discussions. The experts from Group B, on the other hand, had felt that a detailed comparison of the EEC/United States proposals and the Group of 77 proposals would be premature, as those two groups started out from different concepts which, moreover, diverged fundamentally at the practical level. The expert from Sweden had said that he fully recognized the pertinence and value of the EEC/United States proposals, but hoped, nevertheless, that it

would be possible to arrive at a compromise between the two sets of proposals, both of which contained useful elements. Because of those differences, the experts had been unable to undertake a detailed, comparative study of the various proposals on future operations.

5. Chapter III dealt with agenda item 3, but referred only to proposals on immediate and generalized debt relief. The Group of Experts had had before it a proposal submitted by the Group of 77 at its first session (TD/B/670, annex I), and the views expressed by the other Groups and by Sweden on that occasion. The spokesman for the Group of 77 had expressed appreciation of the initiatives taken by Canada, the Netherlands, Sweden and Switzerland to relieve the official debt of certain developing countries and had requested details of action taken to implement the Special Action Programme adopted at the Conference on International Economic Co-operation. Group B had then circulated a document (TD/B/685/Add.1, annex I A) giving some details, but some of its experts had emphasized that the Special Action Programme had been conceived solely to assist individual low-income developing countries to meet their immediate needs for additional aid and in no way constituted generalized debt relief. The Group of 77 experts, while recognizing that the Programme did not in itself constitute a debt relief measure, had maintained that some countries had adopted measures which were clearly in the nature of debt relief, thereby showing the feasibility of the proposals on immediate debt relief made by developing countries. The expert from Sweden had submitted a memorandum (TD/B/685/Add.1, annex I C) suggesting that further preparatory work should focus on the possibility of reaching agreement on a draft resolution regarding the debts contracted by the poorest developing countries under the head of official development assistance and containing the general outline of such a resolution.

6. The experts of Group B had once again participated actively in the discussions and their views were set forth in paragraphs 18-19 and 36-37 of the report, and in the document submitted by that Group (TD/B/685/Add.1).

7. In short, the Group of Experts had recognized, from the first session, the crucial importance of [illegible] action to relieve the debt problems of developing countries and the fact that their solution was in the interest of debtor and creditor countries alike. The second session had not led to any agreed conclusions, but, while there had been no narrowing down of differences, at least it had provided an opportunity for increased mutual understanding of views.

8. Mr. LI Chang (China) observed that in some of the texts contained in annex I to the report of the Intergovernmental Group of Experts (TD/B/685/Add.1), Taiwan and Hong Kong were referred to as countries. For example, the text submitted by the United States of America (annex I F) referred to Taiwan province as "China" or "China (Taiwan)" and listed it as a country. That was absolutely unacceptable. Furthermore, the text submitted on behalf of Group B (annex I F) also referred to Taiwan as a country. The Chinese Government regarded Taiwan as an inseparable part of China, and not a country. The repudiated Chiang clique, which was entrenched in the province of Taiwan, was in no way qualified to represent China.

9. With respect to Hong Kong, which was a product of unequal treaties imposed by imperialism, his Government had always maintained that the problem would be resolved in an appropriate manner when conditions were ripe. Accordingly, it was erroneous to refer to Hong Kong as a country.

10. The Chinese Government therefore considered that the parties concerned should take steps to delete those references.

11. Mr. PEYRE (France), speaking on behalf of Group B, said he wished to assure the Chinese delegation that it was not the Group's intention to question the present status of the various territories placed under the sovereignty of China or having special links with it. With regard to the text submitted by Group B, the designations employed and the presentation of material in that text did not imply the expression of any opinion whatsoever on the part of the Group concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries. With regard to the second document referred to, Group B would be prepared to accept any solution which would give satisfaction to China.

The meeting rose at 5.40 p.m.

United Nations Conference on Trade and Development

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TRADE AND DEVELOPMENT BOARD

Ninth Special Session (Second Part)

SUMMARY RECORD OF THE 485th MEETING

held at the Palais des Nations, Geneva,
on Tuesday, 24 January 1970, at 3.20 p.m.

President: Mr. de ZOYSA (Sri Lanka)

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Pursuant to Conference resolution 24 (IV), review of actions concerning the indebtedness of developing countries, in particular, the discerning of features which could provide guidance in operations relating to debt problems (agenda item 3) (continued)

Consideration of proposals made by developing countries and of other views expressed at the first session of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries as reported in document TD/B/470 (agenda item 3) (continued)

Consideration of Board decision 1/9 (XVI) relating to least developed, developing island and land-locked countries (agenda item 7) (continued)

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PURSUANT TO CONFERENCE RESOLUTION 96 (IV), REVIEW OF ACTIONS CONCERNING THE INDEBTEDNESS OF DEVELOPING COUNTRIES, IN PARTICULAR, THE DISCERNING OF FEATURES WHICH COULD PROVIDE GUIDANCE IN OPERATIONS RELATING TO DEBT PROBLEMS (agenda item 2) (TD/B/670, TD/B/680 and Add.1-5; TD/AC.3/3) (continued)

CONSIDERATION OF PROPOSALS MADE BY DEVELOPING COUNTRIES AND OF OTHER VIEWS EXPRESSED AT THE FIRST SESSION OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES AS REFLECTED IN DOCUMENT TD/B/670 (agenda item 3) (TD/B/680 and Add.1-5; UNCTAD/GID/1022) (continued)

and

CONSIDERATION OF BOARD DECISION 149 (XVI) RELATING TO LEAST DEVELOPED, DEVELOPING ISLAND AND LAND-LOCKED COUNTRIES (agenda item 4) (TD/B/681) (continued)

1. Mr. LI Chih-min (China) noted that, since the first part of the session, the question of the indebtedness of developing countries had been discussed at various international conferences, but with no decisive results. He also noted with regret that there had been little progress at the second session of the Intergovernmental Group of Experts on that subject.

2. The external debts of the developing countries had now escalated beyond $600 billion, and their servicing constituted a heavy burden. Moreover, they were snowballing. A few economic Powers, especially the two super-Powers, had raised the prices of industrial products, reduced those of raw materials and limited their imports of primary products, which had led to a deterioration in the developing countries' terms of trade, a sharp rise in their national expenditure, a drop in their income and an increase in their balance-of-payments deficit, forcing them into heavy borrowing. The economic crisis and inflation in the capitalist world had aggravated that burden still further. In short, the main causes of the indebtedness of developing countries were exploitation, plunder and domination by the super-Powers. They were connected with the old international economic relations and not with the rise in oil prices, as was claimed by some, in particular the super-Powers, which thereby sought to divert attention and shirk their responsibilities.

3. His delegation noted with satisfaction that numerous developing countries were taking resolute steps to strengthen their economy by pursuing a policy of independence, self-reliance and country-wide efforts at reducing their dependence on foreign loans.

4. China considered that developing countries were completely justified in seeking a generalized solution to their debt problem through international negotiations; such action was in line with the struggle to establish a new international economic order.

5. His delegation supported the proposals put forward by the developing countries to reduce their indebtedness. It welcomed the understanding attitude of some countries and their pledge to reduce the debt burden of developing countries.

13. The second proposal concerned future debt reorganization; the Group of 77 would willingly study the possibilities of convergence of its proposal with that of the Group B countries.

14. The Group of 77 considered that its own proposals offered the best possible solution to the developing countries' debt problem, but was prepared to discuss the different elements of the proposals with a view to establishing an order of priority and the exact methods of achieving the desired objectives. It would welcome specific responses to each of its proposals and was therefore most appreciative of the Swedish Government's memorandum on the question of immediate debt relief.

15. The Group of 77 believed that the meeting of senior officials should aim at drafting a common document incorporating recommendations calculated to facilitate the work of the ministers and enable them to take valid decisions on well-defined issues. It would be inappropriate for a meeting of such an exceptional nature as the ministerial session of the Board to devote its time to general economic analyses that were a task for experts, and it had already been carried out.

16. The proposals of the Group of 77 relating to the least developed countries, the developing island and the developing land-locked countries, that would enable the Board had different to its Decision 165 (XVII), and which advocated special measures in favour of those countries, were also worthy of then most urgent consideration. Another commitment, which was still valid, had been given by UNCTAD as a matter of priority with the debt problems of those countries, and the question had been referred to the ministerial session, which would have to work out concrete measures.

17. The Group of 77 attached great importance to the debt problems of the developing countries, and to the ministerial session. The success or failure of that session would vitally affect the general orientation of economic relations between developed and developing countries. It believed that the problem of indebtedness offered immediate possibilities for action which would yield concrete results. There was an imperative that the work of the ministerial session should focus on that particular issue.

18. <u>Mr. SAMEAH</u> (Egypt) said that the aggravation of the situation of the developing countries in the past few years testified to a fundamentally inequitable international order. World solidarity, as well as enlightened, should be made to realize that there was a danger of the situation descending on the economy of developed countries, whereas a satisfactory solution of the problems facing the developing countries would produce favourable effects in the rich countries and in the world economy in general.

24. Mr. SKÅLA (Sweden) said that the dramatic changes in the world economy in recent years had brought the debt problems of the developing countries to the forefront of concern in the international community, which had unfortunately not yet succeeded in taking effective measures to solve them.

25. It was difficult to forecast how the overall debt situation would evolve: the problem had to be studied country by country or for groups of countries having certain features in common. It was generally recognized that the poorest countries were in a critical situation: their export earnings were stagnant, or even in decline, with the result that the debt servicing ratio for that group of countries as a whole had increased substantially, as the cost to them of importing oil and manufactures had risen dramatically, while the net inflow of financial resources from developed countries and multilateral institutions had remained unchanged. They would therefore continue to live with low levels of indebtedness burdensome. That was why his Government had been advocating for several years the concept of aid to the poorest countries in the form of grants and debt relief. Sweden had decided to write off all its official development assistance (ODA) credits to the least developed and most seriously affected countries, thereby transforming what once had been loans into grants and bringing them into line with contemporary conditions for the transfer of resources. It was in the hope that its example would be followed that it had submitted an official memorandum (TD/B/609/Add.1, annex I, section C) to the Intergovernmental Group of Experts.

26. His delegation hoped its proposal might serve as a basis for the discussions at the ministerial session. It recognized that in some countries there might be legal and constitutional obstacles to the outright cancellation of credits and it was therefore proposing a flexible formula under which countries would have a choice between cancelling all their ODA credits, cancelling debt service for a fixed period, or granting their debtors additional ODA on special terms. The suggestions made in the memorandum ought not to entail considerable efforts on the part of industrialized countries, since in 1978 the servicing on ODA credits by the poorest developing countries had corresponded only to 4 per cent of their ODA.

27. He emphasized that the methods his delegation was proposing were not intended to become a general rule and related only to the particular case of the poorest countries. While it had no intention of abandoning its general practice with regard to international debt consolidation, the Government of Sweden, like the Governments of other Group B countries, favoured a case-by-case approach.

28. With regard to the broader issues of indebtedness, Sweden felt that there should be an early resumption of the efforts to elaborate guidelines or features for future debt reorganization or consolidation. There was common ground in the two proposals submitted in that connexion to the Conference on International Economic Co-operation and a compromise might be possible between the proposal made by the United States of America and the European Economic Community and that made by the Group of 77. His delegation hoped that the ministerial session would mark the start of negotiations on that issue.

29. Sweden firmly believed that the time was ripe for concrete action to alleviate the debt burden of the poorest developing countries. Failure to agree on such a limited demonstration of solidarity would constitute a serious setback to all the joint efforts within the context of the North-South dialogue.

30. Mr. SUSSEX (International Confederation of Free Trade Unions (ICFTU)), speaking at the invitation of the Chairman, expressed the concern of ICFTU at the mounting debt burden of developing countries and its regret that no agreement on that issue had been reached at the Conference on International Economic Co-operation. That concern was only natural, for, with the debt problem hindering their growth, the developing countries were buying less from the industrialized nations and that led to a decline in employment in the latter.

31. Countries which went on overspending spree in order to repay earlier borrowing found themselves caught in a vicious circle and were forced to divert to other uses the funds they required for essential investments of the type recommended in the International Development Strategy and the programme of action adopted by the International Labour Organisation (ILO) at the World Employment Conference. Since 1973, there had been persistent stagnation, inadequate development, and an international liquidity squeeze, and prospects for the future were gloomy, particularly for working people.

32. The trade union movement hoped that the Board's current session would result in a reduction in the outflow of resources from developing countries for the purpose of debt amortization, so that those countries could participate their economies. The Board should urge all creditor countries to write off their official bilateral credits to the poorest developing countries which were making sincere efforts to meet the basic needs of their populations. ICFTU endorsed the proposals made by Sweden in that respect.

33. With regard to other categories of debts of developing countries, a means should be found of consolidating their debts which would take account of the distinction between private and public debts. Efforts should be made to give countries where a large proportion of the outstanding debt was public and whose economic and social development policy was in accordance with the strategy laid down by the United Nations and ILO the means of carrying that policy, in other words the capacity of exporting its goods and services would remain. That necessitated the speedy restructuring of guidelines and the drawing up of those guidelines by permanent machinery within the already existing international development institution which would apply them in an equitable manner.

34. ICFTU recommended that the analytical phase of such an undertaking should be entrusted to the International Labour Office, which was uniquely competent in the field of employment and social policy. Multilateral finance agencies should be called upon to provide additional resources if required. Whatever the case, the views of the trade unions should be taken into account, for all wage earners and taxpayers who ultimately bore the consequences of any financial policy.

35. A high proportion of private debt could be the source of problems for the debtor countries if there was a shortage of foreign exchange. Unless attempts to remedy the debt problem by consolidation and debt of the developing countries through the establishment of special international financial machinery could result in serious constraints on reforms, it must be accompanied by stringent safeguards for those countries. As with the problem of public debt, there was a need to establish guidelines and to seek the participation of ILO and the trade unions.

In addition, private creditors would have to make concessions, and the machinery to be established should be financed by those countries, whether industrialized or in the process of industrialization, which had chronic current account surpluses. That machinery might be an extension of existing multilateral arrangements, and access to it should therefore be open to all countries having difficulty in financing or refinancing their current account deficits, with special provisions being made for developing countries.

36. ICFTU was fully aware that the debt problem could not be solved overnight, but there could be no question that relief of official debt was an urgent necessity for the low-income developing countries. The Board would disappoint world public opinion if it did not take action, at the ministerial session, to provide such relief.

The meeting rose at 1.20 p.m.

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United Nations Conference on Trade and Development

TRADE AND DEVELOPMENT BOARD

Ninth Special Session (Second Part)

SUMMARY RECORD OF THE 486th MEETING

held at the Palais des Nations, Geneva,
on Wednesday, 25 January 1978, at 3.25 p.m.

President: Mr. de ALWIS (Sri Lanka)

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Other business (agenda item 7)

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GE.78-61317

PURSUANT TO CONFERENCE RESOLUTION 94 (IV), REVIEW OF ACTIONS CONCERNING THE INDEBTEDNESS OF DEVELOPING COUNTRIES, IN PARTICULAR, THE DISCERNING OF FEATURES WHICH COULD PROVIDE GUIDANCE IN OPERATIONS RELATING TO DEBT PROBLEMS (agenda item 2) (TD/B/670, TD/B/685 and Add.1-3; TD/AC.2/9) (continued)

CONSIDERATION OF PROPOSALS MADE BY DEVELOPING COUNTRIES AND OF OTHER VIEWS EXPRESSED AT THE FIRST SESSION OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES AS REPORTED IN DOCUMENT TD/B/670 (agenda item 3) (TD/B/685 and Add.1-3; UNCTAD/CA/1022) (continued) and

CONSIDERATION OF BOARD DECISION 149 (XVI) RELATING TO LEAST DEVELOPED, DEVELOPING ISLAND AND LAND-LOCKED COUNTRIES (agenda item 4) (continued)

1. Mr. FEVRE (France), speaking on behalf of Group B, reaffirmed the importance which the countries of that Group attached to international co-operation on the question of the indebtedness of developing countries, and to continuation of the dialogue on that topic, which was recognized as one of the most important in the North-South dialogue. The ministerial meeting of the Board would mark an important stage in that co-operation and the Group B countries were preparing for it in an open and constructive frame of mind.

2. The dialogue had been initiated by the Conference at its fourth session when in resolution 94 (IV), it had outlined a programme of work for the Board at its ministerial meeting. It had been continued at the Conference on International Economic Co-operation, whose work, although it had not produced any agreement, provided a useful basis for activities to be pursued elsewhere, in particular, by UNCTAD and its Intergovernmental Group of Experts.

3. The report made to the Board by the Chairman of the Intergovernmental Group of Experts had had the great merit of clarifying the position of the different groups on the substantive issues. The conclusions of Group B experts, were that the debt problem of the developing countries was neither general nor insoluble and that, so far, the international system had reacted positively towards relieving serious individual debt problems. In that connexion, the present debt situation confirmed the validity and usefulness of the proposals submitted by the European Economic Community and the United States of America at the Conference on International Economic Co-operation. The real problem facing certain categories of developing countries was one of transfer of resources and not a general debt problem; in that connexion, the Group B experts had pointed out that the Special Action Programme announced at that Conference formed part of the efforts of Group B countries to increase the transfer of resources to low-income countries and should not be regarded as a generalized relief measure.

4. In view of the continuing divergence of opinion among the groups, it seemed unrealistic, for the time being, to try to reach agreement. On the other hand, a convergence of views or the identification of important problems relating to each agenda item would greatly facilitate the task of the ministerial meeting.

5. Mr. PANKIN (Union of Soviet Socialist Republics), speaking on behalf of Group D, said that the report of the Intergovernmental Group of Experts on its second session coincided, in many respects, with the position of the socialist countries on the debt problem of the developing countries. They agreed, in particular, on the real causes of the problem, which was due essentially to the

monetary crisis and inflation in the capitalist countries, and to the exploitation of developing countries by transnational corporations. The studies made so far had failed sufficiently to stress that the drain on developing countries' resources was caused by the payments they had to make under the head of foreign private investment and loans. Group D therefore suggested that the UNCTAD secretariat should prepare, for the third part of the session, documentation which would deal objectively with that aspect of the question.

6. The Group D delegations as a whole wished to point out that their countries had had nothing to do with the chain of events which, in the 1970s, had precipitated a world crisis of capitalist credit and consequently increased the indebtedness of developing countries. The debt problem should be solved by compensating those countries for the losses they had suffered as a result of the vicissitudes of the capitalist economy and the greed of its private monopolies. In the long term, the solution lay in a radical restructuring of international economic relations in which all forms of inequality and exploitation would be eliminated.

7. In the matter of credit, the developing countries' relations with socialist countries were quite different from their relations with developed countries: the former relations were bilateral ones which enabled the parties to envisage or find timely and mutually acceptable solutions to possible debt repayment difficulties. In particular, the socialist countries of Group D intended to continue to resolve those difficulties, as in the past, by direct negotiation with their partner, in accordance with existing intergovernmental agreements.

8. Mr. CONDE ZAMIR (Venezuela) welcomed the new members of the Board, Suriname and Zambia, and the new Member of the United Nations, Djibouti.

9. Referring to the question of the indebtedness of developing countries, he expressed his Government's gratitude to Canada, Sweden, the Netherlands and Switzerland, for the relief measures they had taken in favour of the most seriously affected countries. He paid tribute, in particular, to Sweden for having cancelled outright the debts owed to it: that was not just an act of charity but an intelligent move that would help to stimulate world trade, as the President of Venezuela had pointed out.

10. His Government considered that the debt problem should be dealt with in the context of international economic relations, particularly of North-South economic relations; it could not be divorced from questions which were closely linked to it, such as access to markets, official development assistance flows, transfer of technology, restructuring of the international monetary system and rationalization of commodity trade, which were essential for a new international economic order and the recovery of the world economy.

11. The dialogue was aiming in the right direction and formulas could be found to reconcile the different views. In that regard, the memorandum submitted by the Swedish Government was a constructive step. The debt problem must be considered from the angle of under-development and the need to revitalize the world economy. The growing indebtedness of the developing countries deprived the industrialized countries of possibilities of expansion and aggravated the under-development of the peripheral countries. A redistribution of financial resources was needed in order to stimulate production and create more employment, both in the North and in the South.

12. It was in that spirit of co-operation that Venezuela had proposed that the Organization of Petroleum-Exporting Countries (OPEC) should consider raising petroleum prices and allocate the entire proceeds of that adjustment, for one year, to paying off the debts of developing countries which had no petroleum, under an arrangement concluded between OPEC, the Group of 77 and the International Monetary Fund (IMF). That proposal would have the twofold advantage of extending the markets of the industrialized world and reducing petroleum consumption, which constituted a real threat to the future of mankind.

13. Mr. VERNENGO (Argentina) pointed out that the Falkland Islands (Malvinas) were twice listed as countries in annex I to document TD/B/685/Add.1. In fact, the Falkland Islands (Malvinas), over which Argentina claimed full and complete sovereignty, were the subject of a dispute with the United Kingdom concerning sovereignty over that territory and, pursuant to General Assembly resolutions 2065 (XX) and 3160 (XXVIII), negotiations were in progress on the matter.

14. His delegation requested that, in issuing the final version of the document the UNCTAD secretariat should take account of the General Assembly's decision of 16 December 1968 that the name to be applied to that territory in all official United Nations documents was, in Spanish, Islas Malvinas (Falkland), and in English, Falkland Islands (Malvinas). The same decision of the General Assembly further provided that any reference to that territory should be accompanied by a footnote indicating that a dispute existed between the Governments of Argentina and the United Kingdom concerning sovereignty over those Islands.

15. The PRESIDENT pointed out that the document in question had been submitted by France on behalf of the Group B countries and bore, on the cover page, a disclaimer stating that the designations employed and the presentation of material in that document were those of the submitting government or governments and that they did not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries.

OTHER BUSINESS (agenda item 7)

Replacement of the Rapporteur

16. The PRESIDENT announced that the Rapporteur of the Board, Mr. Barona Chambón (Mexico), was unable to attend the second part of the session.

17. Mr. TOBAR (Ecuador) nominated Mr. Cosío Pascal (Mexico) to replace Mr. Barona Chambón.

18. Mr. Cosío Pascal (Mexico) was elected Rapporteur.

Composition of the Working Party on the medium-term plan 1980-1985

19. The PRESIDENT said that the question of the composition of the Working Party had been the subject of consultations with the Co-ordinators. He suggested that the Board should endorse the consensus reached as a result.

20. It was so decided.

The meeting rose at 4.05 p.m.

United Nations Conference on Trade and Development

TD/B/SR.407
1 February 1970

Original: ENGLISH

[illegible]

[illegible] session (second part)

[illegible]

held at the Palais des Nations, Geneva,
on Friday, 27 January 1970, at 3 p.m.

President: [illegible] (Sri Lanka)

[illegible]

Procedural matters (agenda item 1) (continued)

[illegible] of the agenda and organization of the work of the session (continued)

[illegible] of the report on credentials

[illegible] (agenda item 7) (continued)

[illegible] proposals for Committees (Conference resolution 45 (IV))

[illegible] of meetings for 1970

Pursuant to Conference resolution 24 (IV), review of actions concerning the [illegible] of developing countries, in particular the discerning of features which could provide guidance in operations relating to debt problems (agenda item 2) (continued)

Consideration of proposals made by developing countries and of other views expressed at the first session of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries as reported in document TD/B/C.6/6 (agenda item 5) (continued)

Consideration of report [under] 1497 (XLVI) relating to least developed, developing island and land-locked countries (agenda item 6) (continued)

Adoption of the report of the Board (agenda item 3)

Closure of the second part of the session

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GE.70-62006

PROCEDURAL MATTERS (agenda item 2) (continued)

(a) Adoption of the agenda and organization of the work of the session (continued)

1. The PRESIDENT drew attention to the fact that the Board, in adopting the provisional agenda (TD/B/606), had decided that the title of item 5 should be left open (TD/B/SR.487, paragraph 82). As no delegation or group of delegations had made any proposal on the subject, he would take it, in the absence of objection, that the Board wished to retain agenda item 5.

2. It was so decided.

3. The PRESIDENT suggested that, as the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries had held a second session after the agenda had been drawn up, reference to that session should be made in item 7, which would accordingly read as follows: "Consideration of proposals made by developing countries and of other views expressed at the first and second sessions of the Intergovernmental Group of Experts on the External Indebtedness of Developing Countries as requested in resolutions 32/197 and 33/207 and decision ...".

4. It was so decided.

5. The PRESIDENT [illegible] that all the regional groups had been able to examine the question of [illegible] and that [illegible] the Board. [illegible] group co-ordinator suggested that [illegible] with the plenary meetings in order to minimize [illegible] the Board might wish [illegible] the first day of the third part of the session [illegible] consultation.

(b) Adoption of [illegible] (TD/B/606)

6. [illegible].

(TECHNICAL QUESTIONS (agenda item 3) (continued)

Integrated Programme for Commodities (resolution 93 (IV)) (TD/B/IPC/7, 8, 10)

7. Mr. SHOJAI (Iran), [illegible] Mr. [illegible] Intergovernmental Committee for the Integrated Programme for Commodities, [illegible] resolution 93 (IV), [illegible] resolution 93 (IV), the Secretary-General of UNCTAD in consultation with the Integrated Programme for Commodities [illegible] their work not later than February 1978, and that the [illegible] negotiating conference should be convened by the end of 1977.

17. With regard to the meeting of the Group of governmental experts to study the effects of the world inflationary phenomenon on the development process (General Assembly resolution 32/175) and the meeting of the Group of experts on finance for development (General Assembly resolution 32/177), the Secretary-General of UNCTAD would inform the Board, at the second part of its seventeenth session, of the dates on which he proposed to convene those meetings.

18. The Intergovernmental Working Group on Jute and Jute Products had decided, at its first session (16-20 January 1978), that the dates fixed for its second session (27 February - 3 March 1978) were too close to ensure adequate preparation and had requested that that session should be held from 10 to 14 April. Consultations in accordance with Board decision 140 (XVI) had taken place on the matter and agreement had been reached on the new dates proposed.

19. The first Preparatory Meeting on Tea (9-13 January 1978) having decided to set up an intergovernmental group of experts, the second Preparatory Meeting, which was to have taken place from 10 to 14 April, would be postponed to a later date.

20. The third Preparatory Meeting on Tropical Timber (23-27 January 1978) had recommended to the Ad hoc Intergovernmental Committee that the fourth meeting, originally scheduled for 17-21 April, should be postponed to a later date.

21. By its decision 143 (XVI), the Board had established a procedure of quarterly consultations on the calendar of UNCTAD meetings with the co-ordinators of the regional groups. The UNCTAD secretariat presumed that that procedure was suspended for the first quarter of 1978, in view of the present session of the Board.

22. The PRESIDENT suggested that the Board should take note of the changes made in the calendar of meetings for 1978.

23. It was so decided.

PURSUANT TO CONFERENCE RESOLUTION 94 (IV) REVIEW OF ACTION CONCERNING THE INDEBTEDNESS OF DEVELOPING COUNTRIES, IN PARTICULAR, THE DISCERNING OF FEATURES WHICH COULD PROVIDE GUIDANCE IN OPERATIONS RELATING TO DEBT PROBLEMS (agenda item 2) (TD/B/670, TD/B/685 and Add.1-3; TD/AC.2/9) (continued);

CONSIDERATION OF PROPOSALS MADE BY DEVELOPING COUNTRIES AND OF OTHER VIEWS EXPRESSED AT THE FIRST SESSION OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON THE EXTERNAL INDEBTEDNESS OF DEVELOPING COUNTRIES AS REPORTED IN DOCUMENT TD/B/670 (agenda item 3) (TD/B/685 and Add.1-3, UNCTAD/CA/1022) (continued); and

CONSIDERATION OF BOARD DECISION 149 (XVI) RELATING TO LEAST DEVELOPED, DEVELOPING ISLAND AND LAND-LOCKED COUNTRIES (agenda item 4) (continued)

24. Mrs. ATSARI-FARD (Iran), referring to the paper submitted by the United States of America on the external debt positions and prospects of developing countries non-members of the Organization of Petroleum-Exporting Countries (OPEC) (TD/B/685/Add.1, annex I:B.), said that she regretted its lack of objectivity.

For example, table 1 gave the value of net oil imports in dollars without indicating the quantity of oil or the number of barrels imported; also it did not indicate the prices of crude oil which was mainly exported by developing producing countries, and accordingly failed to show where the main profits had been accrued. Moreover, if the first three tables were compared, it became evident that in 1975 (in which year they had been at their peak), net oil imports had represented only 6.7 per cent of the total imports of the high-income developing countries.

25. In 1977, two United States economists belonging to a highly respectable financial institution had shown in a study that oil price adjustments had been responsible for only a small part of the increase in the debt of developing countries, which had been caused mainly by the recession in the industrial countries. Similarly, it had been widely recognized in the North-South dialogue that the economic difficulties of the 1970s had been due to world inflation, responsibility for which fell squarely on the shoulders of the industrial countries. The United States paper had therefore no other purpose than to shift the burden of responsibility to others and obscure the facts.

26. Which countries in fact fixed the prices of industrial and agricultural products arbitrarily? Which countries were responsible for runaway inflation, the deep recession and the grave economic and monetary mismanagement which had plunged the world economy into complete disarray? The answers to those questions were known to all, and yet the oil-producing countries were constantly blamed for what was merely the just exercise of their sovereignty over their natural resources.

27. The inflationary trends and recession in the industrial countries had started as far back as 1968 and oil prices had been adjusted precisely in order to meet the consequences of inflation. In 1975, that adjustment had contributed only insignificantly - not more than 2 per cent - to the rise in the cost of living, whereas the cost of goods purchased by oil-producing countries from the industrialized world had risen by an average of 35 per cent.

28. The industrial countries which today professed to be so concerned about the plight of the poorest countries had, at the height of their prosperity - which had been based mainly on cheap energy - always avoided providing appreciable assistance to the poor countries.

29. The oil-producing countries, in contrast, had done more than their share in that respect. She illustrated with figures the steep increase in concessional and non-concessional credit commitments and disbursements by OPEC countries to developing countries and multilateral institutions between 1973 and 1976, and said it should not be forgotten that, to assist the least developed third world countries, a number of oil-exporting countries, most of which were themselves in great need of financial resources, were borrowing on hard terms in international capital markets. How could it be forgotten that those countries were obliged to continue to exchange a real and non-renewable commodity such as petroleum for paper money whose value was subject to continual erosion.

30. Mr. CASTELLANOS (Venezuela) and Mr. OSEMEKEH (Nigeria) associated themselves with the statement made by the representative of Iran.

31. Mr. SHEMAYLOH (Iraq), supporting the points made by the representative of Iran, said that the economic crisis and the indebtedness of the developing countries were due, not to the increase in crude oil prices which, incidentally, had been less marked than for other products, but to the capitalist system and exploitation by developed countries coupled with inflation in those countries. His country rejected the idea that developing countries were responsible for that situation: the developed countries were to blame.

32. Mr. MEISSNER (United States of America) said that, while he understood the probable reason behind the representative of Iran's statement, his country could not subscribe to it.

33. The PRESIDENT said that the contact group set up to consider agenda items 2, 3 and 4 had not succeeded, despite its efforts, in carrying out its mandate, namely the preparation of a single document to serve as a basis for the work of the third part of the session. Two separate proposals had nevertheless been submitted to the contact group by the Group of 77 and by Group B.

34. Mr. DAHI (Pakistan) introduced the proposal of the Group of 77 (TD/B(S-IX)/CRP.2), and requested that it should be annexed to the report on the session.

35. Mr. FEVRE (France) introduced the proposal of Group B (TD/B(S-IX)/CRP.1) and likewise requested that it should be annexed to the report on the session.

36. The Board decided to accede to those requests.

ADOPTION OF THE REPORT OF THE BOARD (agenda item 9) (TD/B/L.495)

37. Mr. COSIO PASCAL (Mexico), Rapporteur, introducing the draft report on the second part of the ninth special session, said that it would be completed so as to reflect the proceedings of the present meeting and that, in accordance with the normal practice, drafting changes would be made in it where necessary.

Introduction

38. The introduction was adopted.

Chapter I

39. Mr. MEISSNER (United States of America) said that, for the sake of greater clarity, the wording of sub-paragraph 12 (c) should be amended by deleting, in the second line, the words "by the countries of Group B" and indicating at the end of the subparagraph that the proposal had been submitted to the Conference on International Economic Co-operation by the United States of America and the European Economic Community, and had been annexed to the report of the Group of Experts for reference.

40. Mr. COSIO PASCAL (Mexico), Rapporteur, said that paragraphs 33 and 34 had been redrafted in order better to reflect the position of Group D.

41. Chapter I, as amended, was adopted.

Chapter II

42. Chapter II was adopted.

43. The report of the Board on the second part of its ninth special session as a whole, was adopted.

CLOSURE OF THE SECOND PART OF THE SESSION

44. After an exchange of courtesies, the PRESIDENT declared the second part of the ninth special session closed.

The meeting rose at 9.10 p.m.